Social security series
memorandum no. 17

SOCIAL SECURITY IN CANADA

Research and statistics division

DEPARTMENT OF NATIONAL HEALTH AND WELFARE
CANADA

SOCIAL SECURITY IN CANADA

Memorandum 17 - Social Security Series

Research and Statistics Directorate

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ERRATA

SOCIAL SECURITY IN CANADA

Page	
2	Para. 2, line 2: "The Manitoba Government should read "The Manitoba legislature"
3	Para. 5, lines 1 and 2: "the Federal Government" should read "Parliament"
5	Para. 2, line 12: "income" should read "resources"
10	Para. 1, line 2: "for retirement" should read "in old age"
	Para. 6, line 4: "together as one" should read "together as if they were one"
11	Para. 3, line 9: Delete the period after "$5,000" and add "provided that they earn at least $800 in that year."
13	Para. 4, line 15: "including" should read "excluding"
	Para 5, line 9: "March 31, 1960 to 1965" should read "March 31, 1960 to 1966"
19	Para. 4, line 3: "from May 1970 on" should read "from 1970 on"
26	Para. 1, line 10: "limit in" should read "limit on"
27	Para. 3, lines 1 and 2: "as at March 31, 1965" should read "for fiscal years ended March 31, 1962 to 1965"
46	Para. 5, line 6: "Services covers" should read "Services program which covers"
52	Para. 4, line 8: After "service" insert "with one employer or membership in the pension plan"
	Para. 5, line 3: "The Federal Government" should read "Parliament"

FOREWORD

Canada spent $4,700 million on social security in the fiscal year of 1965-66, or about 8.8 per cent of our Gross National Product. This sum does not include any expenditures on recently introduced programs such as the Canada Pension Plan, the Canada Assistance Plan, the Guaranteed Income Supplement or Medical Care insurance.

With these new programs, of course, the total expenditures will increase substantially over the next several years.

Clearly, vast sums of money are involved and it is important that we understand how this money is being spent, what programs it provides and what role these programs play in our overall social security system.

A number of books and articles have described particular social security programs in Canada or have dealt with the social security system as a whole. These, for the most part, detail specific programs and their operations, and little attempt is made to indicate the inter-relationships between programs or to go beyond the programs and focus on the people and problems for whom they were designed.

The aim of this booklet is to provide a better understanding of the way in which our social security measures meet the needs of all our people; to examine the "why" and the "who" as well as the "what".

Social Security in Canada attempts to show how these measures serve each of the major categories in our population in turn - our older people, our children, our unemployed, our disabled, our widowed, our sick, our needy generally, and, at the same time, to give a comprehensive review of Canada's social security system today. This effort, of course has taken us beyond the Department of National Health and Welfare to special programs for the unemployed, for veterans, for farmers and fishermen, which are operated by other federal departments.

To do this, we needed the help and cooperation of other divisions and departments and we are pleased to acknowledge the assistance received from officers in the Departments of Labour, Manpower and Immigration, Agriculture, Forestry and Rural Development, Fisheries, and Veterans Affairs, the Dominion Bureau of Statistics and the Central Mortgage and Housing Corporation and the Unemployment Insurance Commission.

Social Security in Canada is formally known as Memorandum Number 17 in the Social Security Series of research publications prepared in our Research and Statistics Directorate. It is largely the work of Mr. John I. Clark and Dr. B.R. de Laky, of the Social Security Research Division of that Directorate, under the general direction of Mr. John E. Osborne.

I hope this memorandum will add to public understanding of federal activities in this field by helping to explain the purposes, principles, and major features of the social security system in Canada.

Allan J MacEachen

The Honourable Allan J. MacEachen
Minister of National Health and Welfare

TABLE OF CONTENTS

CHAPTER I - INTRODUCTION

HISTORICAL OUTLINE

Canada has developed a variety of approaches to income security and to the provision of health and welfare services. The Canadian system is the product of many decades of development. However, its comprehensive nature and the high level of expenditures now provided are a comparatively recent development, largely of the past twenty-five years.

The development of social security measures in Canada can be discussed in terms of three distinct stages -- the first stage being the period up to the first world war; the second, the war and inter-war period; and the third, the period of the second world war and the years since then.

In the first stage, social security measures were minimal and took a long time to develop. They reflected the local and regional nature of social needs and economic development which then existed. As the country grew and expanded, the initial private and local social measures were supplemented by provincial legislation on child welfare, and by provincial control over establishments for the mentally ill, the blind, and the deaf, and by the Annuities Act in 1908 which marked the beginning of federal legislation in old age income security in Canada.

In the second stage, from World War I to World War II, there were a number of factors that altered the shape and structure and influenced the growth of social security in Canada. Rapid industrialization in the first World War and thereafter, the economic and social dislocations of the Great Depression of the 1930's, and the internal migration from rural to urban centres not only increased the magnitude of social needs but changed the nature of social problems from purely local to regional and national. These factors, coupled with increasing costs of social security which became too onerous for local authorities, shifted the emphasis of social security planning from local to provincial governments and to the federal government. While social security developments were not extensive at this stage, a number of important programs were initiated including provincial workmen's compensation and mothers' allowances programs, and the federal-provincial provision for old age pensions.

One of the first steps in the development of a modern social security program was the introduction of the Ontario Workmen's Compensation law in 1914. It embodied the principles of collective liability and state insurance and inaugurated a new approach for the protection of workmen suffering from disability, illness or death arising from their employment.

This law set a legislative pattern which was followed by similar programs in the other provinces. A further significant step in the field of workmen's compensation was the development in Ontario some years later of a comprehensive rehabilitation service for disabled workmen. Since that time other provincial workmen's compensation boards have also developed similar programs.

It was during this stage that the first provincial mothers' allowances program was established in Canada. The Manitoba Government passed legislation to assist needy mothers and their dependent children in 1916, and in the years that followed other provinces passed similar legislation. Assistance to persons in need has long been recognized as a basic responsibility of provincial and municipal governments.

The first major intervention by the Federal Government in the field of income security occurred in 1927, when the Old Age Pension Act was passed. The program provided for federal sharing in the cost of provincial pensions to persons 70 years of age and over who qualified under a means test, which took into account both the income and assets of the applicant. Pension legislation of this type had been implemented some decades earlier in several countries including Denmark, New Zealand, Australia, and the United Kingdom. The Canadian legislation adapted this approach to a federal state by offering grants to provinces conditional upon their enactment of appropriate legislation. In the years that followed, this approach was the basis for similar legislation for blind persons (in 1937), for old age assistance commencing at the lower age of 65 (in 1951) and for allowances for totally and permanently disabled persons (in 1954).

The widespread unemployment during the depression of the 1930's forced the development of a number of unemployment assistance measures as the provinces sought federal intervention to assist provincial and municipal governments in meeting the heavy costs arising from this situation. It was in this setting that the Federal Government took steps to establish a national program of unemployment insurance. Legislation passed in 1935 was declared ultra vires of the Federal Parliament in 1937. After a constitutional amendment was passed bringing unemployment insurance within the jurisdiction of the Federal Parliament, federal unemployment insurance legislation was passed in 1940. This legislation also provided for the establishment of a National Employment Service. The Canadian legislation followed the pattern of the British legislation. It utilized the British concept of social insurance with tripartite contributions from employers, employees and the government, rather than the United States' concept of unemployment compensation with experience rating. On the other hand, the Canadian program provided a system of graded benefits rather than flat-rate benefits as under the British program.

The third stage, and the era of greatest growth of social security in Canada, has been the period during and following the Second World War. It is important to note that this has coincided with a period of great industrial expansion and economic growth. Under these conditions, it was possible to finance much more easily the new and expanded social measures needed to deal with the many and varied social and economic problems which had been emerging and had become more pressing.

It was during this stage in the development of social security in Canada that a new approach to income security was adopted. Programs were introduced providing for universal payments to virtually all persons either below or above a specified age, redistributing income in favour of families with children and youths on the one hand and of older persons on the other.

In the field of old age income security, Canada followed a similar approach to that adopted by New Zealand and Sweden in providing universal flat-rate old age pensions. The introduction of the Canadian old age security program in 1951 represented one of the most ambitious ventures Canada has ever undertaken in the social security field. Under this measure a pension of $75.00 a month is now paid to all persons 68 years and over, subject only to a minimum duration of residence qualification.

The other two programs providing universal payments are Family Allowances and Youth Allowances.

To complement these universal payment programs, the Federal Government has recently established the Canada Pension Plan, a comprehensive social insurance program which makes provision for retirement, disability and survivors pensions. Contributions to this program began in 1966 and the first benefits were payable in 1967. The earnings-related retirement pension provided under the Plan is added to the flat-rate Old Age Security pension. The Canada Pension Plan legislation, in line with our political structure as a federal state, provided that the Plan would not apply in any province establishing a comparable pension plan. As the province of Quebec has introduced such a Plan, the Canada and Quebec Pension Plans are co-ordinated to provide one nation-wide system of contributory pensions. Under this system an effort has been made to cover the whole labour force on a compulsory basis. The pensions will be automatically adjusted for changes in wage levels and increases in the cost of living. There is, however, a ten-year transitional period until full retirement benefits will be payable.

Another approach to the provision of income security for the aged was introduced in December 1966 with the passage of legislation providing for a guaranteed income supplement for all old age security pension

recipients who would be assisted only slightly or not at all by the Canada and Quebec Pension Plans because of their age. They would be guaranteed a minimum income of $1260 a year. This concept of a guaranteed minimum income represents an important new feature in Canada's social security program, utilizing an income test, rather than an income-and-assets test, in determining eligibility.

Significant advances have been made in health protection through the establishment of a federal health grants program in 1948, a national system of hospital insurance in 1958, a federal health resources fund in 1966 and the promise of a medical care insurance program by 1968. Under the federal hospital insurance legislation, Canada shares the operating costs of hospital care provided by active treatment, chronic and convalescent hospitals under provincially administered hospital insurance plans. All provinces participate in the program which provides that a comprehensive range of in-patient services must be made universally available to all residents within each province; federal sharing in the cost of out-patient services is also provided on an optional basis.

In the field of medical care, the province of Saskatchewan administers a province-wide program of insured physicians' services. The provinces of Ontario, Alberta and British Columbia have provincially sponsored or assisted medical care programs. The province of Newfoundland provides comprehensive medical services at home and in hospital to residents of the outports under its cottage hospital scheme, and a program of medical and surgical care for all children under 16 years of age who are in-patients in hospital. A variety of provisions for health care for social assistance recipients is provided across Canada, and the Federal Government shares half the cost of such care, including medical care, drugs, prosthetic appliances and optical and dental services, under the Canada Assistance Plan. Special groups such as sick mariners, veterans, disabled workmen, members of the armed forces, and Indians and Eskimos have separate medical care programs. At the same time, there has been a very significant growth in the number of persons covered voluntarily by private medical care insurance in Canada. A plan of federal fiscal payments to those provinces establishing provincial medical care programs was enacted by Parliament in December 1966 and is to come into effect by July 1, 1968.

While the Federal Government provided federal grants-in-aid to the provinces to assist with the cost of unemployment during the 1930's, federal assistance was discontinued during the war and immediate post-war period. However, during the 1950's, pockets of unemployment appeared and it became necessary to provide protection beyond that of the federal unemployment insurance program. Remedial action was taken in two ways. The scope of unemployment insurance was expanded to assist persons whose benefits were being exhausted because of seasonal

unemployment, and new groups of employees were brought into the program. In addition, a federal unemployment assistance program, based on a test of need, rather than one of means, was introduced in 1956, through which the Federal Government would share half the cost of provincial assistance payments. This legislation was amended the following year so that the Federal Government would share the cost of assistance not only for employable unemployed persons but also for unemployable persons. This had the effect of converting the unemployment assistance program into a general assistance measure.

Perhaps the most significant development in public assistance in Canada occurred in 1966 with the passage of the Canada Assistance Plan. Under this program the Federal Government has provided a basis for the co-ordination of federal-provincial public assistance measures. Where there were formerly four federal-provincial programs - for the aged, the blind, the disabled and the unemployed - the provinces may on their option under the Canada Assistance Plan combine them into one single program. For the first time, there is federal sharing of the costs of provincial mothers' allowances programs for needy mothers and their dependent children. Assistance payments under the plan are based on an individual's or family's budgetary requirements as well as available income.

The program also provides federal support for the costs of administration of public assistance programs, and for the costs involved in providing health services and extending welfare services required by assistance recipients. Under this program emphasis has been placed on developing and improving services designed to lessen the degree of dependency. Financial aid is being provided for special projects designed to help improve the motivation and work capacity of persons who have unusual difficulty in securing or retaining employment. Finally, the Plan provides for supplementary assistance if other social insurance or social assistance benefits prove to be insufficient on the basis of individual or family need.

Canada's social security system thus consists of a number of programs utilizing different techniques, including social insurance, social assistance, universal payments, guaranteed income, and direct and indirect provision of services. These measures have evolved slowly and have been shaped by constitutional, political, financial, economic, and social forces over the past half century.

METHODOLOGY

The approach used in this paper is descriptive and not analytical. It deals mainly with specific groups in the population, and describes in each case how the different programs provide cash benefits or welfare services or both to the group. At the same time, it presents a comprehensive review of the principal social security programs in Canada. The different population groups examined are:

Persons in need
Aged persons
Disabled persons
Survivors
Children
Unemployed persons
Injured workmen
Persons in need of Health Care
Veterans
Farmers
Fishermen and Seamen
Persons in general

The emphasis is on principal programs, and consequently, a number of smaller programs have been omitted from this review. In general, these smaller programs are designed for the specific contingencies faced by certain small groups in the population and, while important to these groups, their omission does not distort the overall picture of social security in Canada.

This review mentions several programs important to large segments of the population: public housing, education, and occupational pension plans. These, while not strictly considered to be social security, contribute to general welfare. The review also describes programs assisting farmers and fishermen which, while chiefly economic, are also fulfilling some of the functions of a social security program. It was felt that a brief recognition of these programs would complement the material on social security and contribute to a better understanding of the Canadian system.

Finally, a brief analysis is made of aggregate social security expenditures in Canada, and these are compared with similar expenditures in selected countries.

CHAPTER II - AVAILABILITY OF SOCIAL SECURITY TO SPECIFIC GROUPS IN CANADA

This part describes how the needs of certain groups in Canada are met by social security measures now in effect.

PERSONS IN NEED

Assistance for persons in need is provided under provincial social assistance programs. The costs of these are shared under either the Unemployment Assistance program or the Canada Assistance Plan.

(a) Provincial Social Assistance Programs

All provinces make legislative provision for general assistance on a means or needs test basis to needy persons and their dependants who cannot qualify for other forms of aid, or whose benefits under other programs are not adequate. Where necessary the aid may be for maintenance in homes for special care. Besides financial aid for the basic needs of food, clothing, shelter, and utilities, a number of provinces also provide rehabilitation allowances, counselling and homemaking services, and post-sanatorium care. This assistance is administered by the province, or by the municipalities with substantial financial support from the province, which, in turn, is reimbursed by the Federal Government under the Unemployment Assistance Act for 50 per cent of the provincial and municipal assistance given; in the future, reimbursements will probably be made under the Canada Assistance Plan. Under the Canada Assistance Plan, federal sharing is extended to costs of medical care and of welfare services from April 1, 1966 on.

The provincial departments of public welfare have regulatory and supervisory powers over municipal administration of general assistance and may require certain standards as a condition of provincial aid. Length of residence is not a condition of aid in any province, but the residence of the applicant as defined by statute determines which municipality may be financially responsible for his aid. This rule does not apply in New Brunswick, British Columbia, Saskatchewan and Quebec which no longer require their municipalities to contribute to general assistance costs. Provinces with unorganized areas take responsibility for aid in these districts. Under the federal Unemployment Assistance Act and Canada Assistance Plan all provinces have agreed that residence shall not be a condition of assistance for applicants who move from one province to another. For persons without sufficient provincial residence (usually a period of one year), aid may be given by the province or the municipality and a charge-back may or may not be made to the province or municipality of former residence.

(b) Unemployment Assistance

Under the Unemployment Assistance Act 1956, as amended, the Federal Government could enter an agreement with any province to reimburse it for 50 per cent of the unemployment assistance expenditures made by the province and its municipalities to persons and their dependants who were unemployed and in need. All provinces and the two territories have signed agreements under the Act. The rates and conditions of assistance are determined by the provinces or by their municipalities. Payments to both employable and unemployable persons in need are shareable under the agreements, as are the costs of maintaining persons in homes for special care, such as nursing homes or homes for the aged. The Federal Government also shares in the assistance paid to needy persons in receipt of Old Age Security pensions, Old Age Assistance, Blind Persons' Allowances, Disabled Persons' Allowances, and Unemployment Insurance benefits, where the amount of the assistance paid is determined through an assessment of the recipient's basic requirements and of his financial resources. This program will likely be replaced in most provinces by the Canada Assistance Plan.

For the year ended March 31, 1965, the Federal Government made payments for Unemployment Assistance amounting to $112,889,898. The federal share of assistance costs are shown in the following Table. However, costs represent payments for the months in which the assistance was actually given and, since claims may be submitted at any time within six months after the month in which the assistance was paid, the figures for each fiscal year include certain reimbursements made to the provinces after the end of that year.

UNEMPLOYMENT ASSISTANCE STATISTICS, CANADA, FISCAL YEARS ENDED MARCH 31, 1962 TO 1965

Fiscal Year	Recipients(a) in March	Federal share of Unemployment Assistance costs(b)
	No.	$
1962	703,601	87,427,726
1963	754,163	96,252,159
1964	733,489	106,497,974
1965	723,073	112,889,898

(a) Includes dependants.
(b) Payment figures shown are for the months to which the claims made under the program relate and include amounts paid to the provinces by the Federal Government after the end of the fiscal year.

(c) Canada Assistance Plan

The Canada Assistance Plan, a comprehensive public assistance measure to complement the provisions of the Canada Pension Plan became law on July 15, 1966.

The plan provides a single administrative framework for federal sharing with the provinces in costs of assistance and of health and welfare services for needy people. It is designed to replace the four existing programs of Unemployment Assistance, Old Age Assistance, Blind Persons' Allowances, and Disabled Persons' Allowances. The provinces will, however, have the option of continuing separate administration of these categorical programs; they will also have the option of contracting out of the plan under the Established Programs (Interim Arrangements) Act of 1965.

The plan authorizes the Federal Government to enter into an agreement with any province to share, on a 50:50 basis, the costs of assistance to persons in need and of improving or extending welfare services. From April 1, 1966, the plan covers those costs previously shared under the Unemployment Assistance Act and at the option of the provinces costs under Old Age Assistance, Blind and Disabled Persons Acts, and also extends federal sharing to the following costs: assistance to needy mothers with dependent children, maintenance of children in the care of provincially-approved child welfare agencies, health care services to needy persons, and extension of welfare services to prevent and remove the causes of poverty and to assist persons receiving assistance to achieve the greatest possible degree of self-support.

The only eligibility requirement under the legislation is that of need, irrespective of the cause of need and without reference to employment status. Need is to be determined by a needs test. No residence requirements are specified and a province may not require a period of previous residence in the province as a condition of eligibility for assistance or for continued assistance. No maximum amounts of assistance are set, and rates of assistance and conditions of aid are set by the provinces. The resulting flexibility enables the provinces to adjust rates to local conditions and to take into account the needs of special groups by providing a differential in benefits or conditions of eligibility.

At the option of the province, separate agreements may be entered into, providing for the sharing of costs of work activity projects to prepare persons in need for entry or return to employment and for the sharing of costs of extensions of provincial welfare services to Indians on reserves, Crown lands or in unorganized territory. The former agreement would cover 50 per cent of certain operating and maintenance costs; the latter may provide for a federal contribution in excess of 50 per cent.

AGED PERSONS

Social security measures for aged persons comprise income maintenance for retirement, social assistance payments, and welfare services.

The income maintenance measures are the Old Age Security and Canada Pension Plan retirement pensions, and the Guaranteed Income Supplement. All persons satisfying the age and duration of residence requirements receive the Old Age Security pension. Contributors to the Canada Pension Plan receive retirement pensions under that Plan. Old Age Security pensioners whose incomes fall below a specified level are entitled to supplements under the Guaranteed Income Supplement program. These measures are designed to provide a minimum basic retirement income. However, an individual is expected to contribute by his own initiative, planning and savings to his own retirement income. If all these sources are insufficient to meet his basic needs he can seek social assistance from the province.

More detailed descriptions of these programs follow:

(a) Canada Pension Plan and Quebec Pension Plan

A retirement pension is payable to qualified retired contributors to the Canada or Quebec Pension Plan.

In 1965, the Canada Pension Plan was enacted adding an important new component to Canada's social security system. The plan is designed to provide an earnings-related retirement pension for members of the labour force and will apply to about 92 per cent of them. It also provides benefits to the disabled contributor and his dependent children, and at the contributor's death a lump sum death benefit together with monthly benefits for his widow and surviving children. The plan commenced operation in January 1966, and the first retirement pensions were paid in January 1967.

The Canada Pension Plan does not operate in a province which has established a comparable plan. The only province to do so is Quebec; the Canada and Quebec Pension Plans are closely co-ordinated and operate together as one and the same plan. If an employee covered by the Canada Pension Plan takes employment in Quebec, or if a self-employed person moves his residence to that Province, his contributions to the Quebec Pension Plan will produce the same benefits as if they had been made to the Canada Pension Plan. The reverse also applies. Anyone employed in Quebec who later takes up work in any other part of the country will get the same benefits as if he had contributed to either plan throughout.

Coverage: The Canada Pension Plan covers all employees who earn over $600 and all self-employed persons who earn $800 or more in a calendar year, provided they are between the ages of 18 and 70. Employees and self-employed persons who earn less than the above limits in a calendar year are not covered by the plan for that year. There are some other minor exceptions such as casual employees, family workers and some migratory workers.

Qualifying Conditions: To be eligible for a retirement pension a contributor need only make one contribution, but a retirement pension on the basis of a single contribution would, of course, be very small. For a disability pension the contributor must be so disabled that he is unable to pursue substantially gainful employment. Also, he must have made contributions in one-third of the years in which he could (according to his age) have contributed to the plan or in each of ten years, whichever is smaller, but in at least five years in any event. To ensure that the person has recently been attached to the labour force, he is also required to have contributed in five of the last ten years in which he could have contributed up to the time of his disability. To make his survivors eligible for benefits, a person must have made contributions in one-third of the years in which he might have contributed or ten years, whichever is less, subject to a minimum of three years. One contribution is considered to be a contribution for a year.

Financing: The Canada Pension Plan is financed by contributions of employees, employers, and self-employed persons and by interest earned by the fund. The first $600 of each contributor's annual earnings is exempt from contributions. On earnings above that amount and up to the present maximum on pensionable earnings of $5,000 a year, the employee makes a contribution of 1.8 per cent, with his employer paying a matching contribution. Self-employed people, being in effect both employer and employee, contribute at the combined rate of 3.6 per cent, also on annual earnings between $600 and $5,000.

Adjustment of Benefits: Canada Pension Plan benefits, once they have commenced to be paid, will be subject to annual adjustments in accordance with upward changes in the Pension Index. Benefits are payable no matter where the beneficiary may live whether in Canada or any other country.

The contributory limits under the Canada Pension Plan will be automatically adjusted with changing economic conditions. For the first two years of the plan the limits are $600 and $5,000. For the next eight years these limits will be adjusted by means of a specially constructed Pension Index which will reflect increases in the Consumer Price Index. After 1975, the contributory limits will be adjusted according to changes

in an Earnings Index based on a long-term moving average of national wages and salaries. This is the method used to keep pensions in line with earnings.

Administration: The Department of National Health and Welfare administers the Canada Pension Plan through its head office in Ottawa and District Offices located in various centres across Canada. Contributions are collected by the Department of National Revenue.

Retirement Pension: A retirement pension will be 25 per cent of a contributor's average pensionable earnings. His pensionable earnings include not only those earnings on which contributions were made but, also, the $600 that was exempt from contributions. In the calculation of a contributor's pension, his earnings for each year will be adjusted so that they bear the same relationship to the maximum pensionable earnings in force at the time the pension begins that his earnings bore to the upper limit prevailing in the year in which they were actually received. In this way, past earnings will be revalued to their current equivalent before his average earnings are calculated. His total adjusted pensionable earnings under the program will be averaged over the entire period from the commencement of the program on January 1, 1966, or from age 18 whichever is later, to the date the pension is first paid; but in no case will they be averaged over less than 120 months, unless a disability pension has been paid to the contributor in the interim. During the first ten years of the program partial retirement pensions are payable. It will not be until 1976 that full retirement pensions become payable.

After 1975, certain periods of low earnings, or no earnings at all, can be disregarded in determining the average earnings on which retirement pensions are to be based. Contributory earnings received between ages 65 and 70 may be substituted for lower or nil earnings of earlier periods of the same duration. In addition, 15 per cent of the contributory period then remaining is dropped out, provided that the reduced contributory period is not less than 120 months. These drop-out provisions make it possible for the person to receive a higher pension than would otherwise be the case.

A retirement pension is payable at any time between the ages of 65 and 70, provided the contributor has then retired from regular employment. If he earns $900 a year or less, he is considered to be retired for purposes of applying for his pension. Those taking up new employment after starting to draw a retirement pension will be required to pass an earnings test. For earnings between $900 and $1,500 in any year, the pension will be reduced by one-half of the excess of actual earnings over $900, with the maximum reduction in this range being $300. When earnings exceed $1,500, the retirement pension will be reduced by $300 plus

all earnings in excess of $1,500. However, no reduction will be made in the pension for any month in which the pensioner's earnings are $75 or less, no matter what his earnings are for the entire year. The pension is payable at the full rate when the person attains age 70 regardless of any current earnings. Retirement and earnings test limits will be adjusted as the Earnings Index changes.

(b) Old Age Security

Under the Old Age Security Act of 1951, as amended, a universal pension of $75 a month is payable by the federal government to all persons who meet the residence and age qualifications. Until 1965, the pension was payable to those age 70 or over, but in 1966 it was payable to persons age 69 or over and in 1967 to those 68 or over; the age will reduce each year so that by 1970 the pension will be payable to everyone age 65 or over. In 1968 and succeeding years, the pension will be adjusted by increases in the Pension Index developed for the Canada Pension Plan.

The Old Age Security program covers practically the entire aged population with the exception of the few who do not have 10 years of residence.

The pension is payable to a person of attained age who has resided in Canada for ten years immediately preceding his application for the pension. Any gaps in the ten-year period may be made up if the applicant had resided in Canada in earlier years for periods of time equal in total to double the length of the gaps; in this case, however, the applicant must also have resided in Canada for the year immediately before his application for pension. A 1965 amendment authorized the payment of the pension to persons who have had 40 years of residence in Canada since age 18, thus making eligible for the pension persons who have left Canada before reaching the qualifying age but who have spent virtually all of their working lives in Canada. A pensioner may absent himself from Canada and continue to receive pension payments. If he has lived in Canada for 25 years since his twenty-first birthday, payment of his pension outside of Canada may continue indefinitely; if he has not, payment is continued for six months, including the month of departure, then suspended, and reinstated for the month in which he returns to Canada.

The program is administered by the Department of National Health and Welfare through regional offices in each provincial capital to which application is made for pension. It is financed from the proceeds of a 3 per cent sales tax, a 3 per cent tax on corporation income, and, subject to an annual limit of $240, a 4 per cent tax on taxable personal income. Yields from these taxes are paid into the Old Age Security Fund. If they are insufficient to meet the pension payments, temporary loans are made from the Consolidated Revenue Fund. Operations of the Old Age Security Fund for the fiscal years ended March 31, 1960 to 1965, and statistics on pensioners and pension payments appear in the following tables.

OPERATION OF THE OLD AGE SECURITY FUND, YEARS ENDED MARCH 31, 1960 TO 1966

Item	1959-60	1960-61	1961-62	1962-63	1963-64	1964-65	1965-66
	$	$	$	$	$	$	$
Source of funds:							
Sales tax	270,000,055	270,231,478	284,879,239	302,238,927	331,760,067	383,151,254	522,085,844
Corporation income tax	91,336,000	103,500,000	100,125,000	115,250,000	115,750,000	145,250,000	152,250,000
Individual income tax	185,550,000	229,400,000	258,950,000	273,650,000	302,600,000	431,900,000	494,900,000
Loan from consolidated revenue fund	28,000,991	-	-	41,679,066	58,281,233	-	-
Balance brought forward	-	-	-	1,563,639	-	-	-
Total	574,887,046	603,131,478	643,954,239	734,381,632	808,391,300	960,301,254	1,169,235,844
Application of funds:							
Benefit payments	574,887,046	592,413,283	625,107,804	734,381,632	808,391,300	885,294,468	927,299,487
Repayment of loans to consolidated revenue fund	-	10,718,195	17,282,796	-	-	75,006,786	24,953,515
Balance carried over	-	-	1,563,639	-	-	-	216,982,842
Total	574,887,046	603,131,478	643,954,239	734,381,632	808,391,300	960,301,254	1,169,235,844

OLD AGE SECURITY STATISTICS, CANADA,
YEARS ENDED MARCH 1963 TO 1966

Year	Pensioners in March	Net Pensions paid during fiscal year
	No.	$
1963	950,766	734,381,632
1964	971,801	808,391,300
1965	993,582	885,294,468
1966	1,105,776	927,299,487

(c) Guaranteed Income Supplement Program

The Government of Canada established a new program of income maintenance for elderly people which started January 1967. It is designed to provide a guaranteed minimum income to old age security pensioners.

Pensioners with only the old age security pension, will receive a guaranteed annual income of $1,260 for a single pensioner, and $2,520 for a married couple who are both pensioners. This includes the $75 a month pension and a monthly supplement of $30, which is subject to an income test. Pensioners with income in addition to their old age security pension may receive partial benefits. The maximum monthly supplement which is to be 40 per cent of the old age security pension each year is reduced by one dollar for each two full dollars of a pensioner's monthly income.

For purposes of the program, income is determined in the same way as under the Income Tax Act. For example, "income" does not include social assistance payments from federal, provincial or municipal governments, war veterans allowances or civilian war allowances, the dependent parents' pension, disability or widows pension based on war service, private disability insurance payments, workmen's compensation benefits, unemployment insurance benefits, financial support or gifts from relatives or charitable organizations, or money withdrawn from savings or received from selling possessions or investments. For

purposes of determining the benefit under the Guaranteed Income Supplement program, income does not include the old age security pension, the supplement payment, or any other similar payment which is made under a provincial law.

Normally, income is taken as the actual income for the year preceding the benefit year. Exceptions are made, however, for persons who retire from employment or self-employment. A person who retires in the preceding year or who retires part way through the benefit year may elect to substitute current estimates of certain income items (such as employment earnings and pensions) for the corresponding items in the preceding year.

To ensure equitable treatment between single and married pensioners, the income for each individual married applicant is taken as one-half of the combined total income of the married couple.

Marital status is taken as one's status at the beginning of the benefit year. If a change in a pensioner's marital status during the course of the year will improve his entitlement to the supplement, he can apply to have this change taken into account.

Payments outside Canada will cover temporary absences from the country. The supplement will be payable outside Canada for the month of departure, for six additional consecutive months immediately following departure, and for the month of return. Payments will not be made to anyone who permanently resides outside Canada, largely because of the difficulty in administering the income requirements of the program in other countries.

Payments will only be made to pensioners who apply for the supplementary benefit. A simple application form must be submitted early each January, showing actual income for the preceding calendar year. Payments can be made retroactively for up to four months before the application is made.

The program provides for appeals with respect to eligibility and with respect to the amount of benefit payable.

The supplement is financed by the Old Age Security Fund and is administered by the Department of National Health and Welfare. The Department of National Revenue assists by checking income information received on returns made under this program with information received under the Income Tax Act.

(d) Old Age Assistance

The Old Age Assistance Act of 1951, as amended, provides for federal reimbursement to the provinces for assistance to persons aged 65 or over who are in need and who have resided in Canada for at least ten years or who, if absent from Canada during this period, have been present in Canada prior to the commencement of the ten-year period for double any period of absence during the ten years. A pensioner is transferred to the Old Age Security program on reaching the age of eligibility for it. By 1970 this program will have been eliminated by the reduction to 65 years of the eligible age for old age security.

The federal contribution may not exceed 50 per cent of $75 a month or of the assistance paid, whichever is less. The province administers the program and, within the limits of the federal Act, may fix the amount of assistance payable, the maximum income allowed, and other conditions of eligibility. Effective April 1, 1965, Quebec withdrew from this federal-provincial program under the Established Programs (Interim Arrangements) Act, which entitles the province to a tax abatement instead of an equalization payment. It is anticipated that this program will be absorbed by the Canada Assistance Plan in most provinces.

For an unmarried person, total income allowed, including assistance, may not exceed $1,260 a year. For a married couple it may not exceed $2,220 a year or, when the spouse is blind within the meaning of the Blind Persons Act, $2,580 a year. Assistance is not paid to a person receiving an old age security pension or an allowance under the Blind Persons Act, the Disabled Persons Act, or the War Veterans Allowance Act.

The following Table sets out recent statistics on this program.

OLD AGE ASSISTANCE STATISTICS, CANADA,
YEARS ENDED MARCH 31, 1963 TO 1966

Year	Recipients in March	Average amount of monthly assistance	Federal government contribution during year(a)
	No.	$	$
1963	103,159	60.68	38,179,057
1964	105,241	65.72	39,208,181
1965	107,354	69.43	44,990,955
1966	53,988(b)	68.85(b)	26,980,510(b)

(a) Maximum assistance shareable by the Federal Government was increased from $65 to $75 a month as of December 1963.

(b) Excludes Quebec and 69-year-olds in other provinces.

(e) Supplements under Provincial Programs (Unemployment Assistance and Canada Assistance Plan)

Recipients of old age assistance who are in need may receive supplementary aid under provincial general assistance programs. This aid is determined by an individual assessment of need, which takes into consideration the recipient's requirements and resources. This aid is now shared federally under the Unemployment Assistance Act and may be soon shared under the Canada Assistance Plan.

(f) General Services for the Aged

In addition to income maintenance payments to the aged, and the health and hospital care services provided to this group and discussed later, welfare and other services are being made increasingly available to older persons. These include visiting homemaker and nursing services, recreational facilities and other measures to help elderly persons live independently in their own homes.

Progress is being made in several regions in the provision of low-rental self-contained accommodation for elderly persons able to manage on their own and hostel accommodation for those desiring congregate living. Standards of institutional care continue to improve and a growing number of homes now offer specialized care to meet the varied needs of elderly people.

With the exception of certain federal institutions for older handicapped veterans and a few provincial infirmaries, institutions for the aged and infirm are administered by voluntary groups and local government authorities. The past few years have witnessed the growth of provincial assistance to homes for the aged in the form of capital grants, maintenance grants, or both, and the development of provincial standards and supervision.

Provincial legislation in several provinces provides for the supervised care of elderly people in small proprietary boarding homes. In Newfoundland and British Columbia, older persons in receipt of public assistance may be placed in provincially licensed boarding homes which must meet established standards of care. Boarding homes for the elderly in Manitoba and New Brunswick are licensed under public health regulations. Under the Ontario Homes for the Aged Act, elderly persons eligible for admission to a municipal home for the aged may, in lieu of institutional care, be placed in an approved private boarding home which is regularly inspected.

In the development of local community services for the elderly, major emphasis has been placed on the provision of opportunities for recreational and social activities. Clubs or centres for elderly persons exist today in the majority of the larger cities and in many smaller ones, although the proportion of older persons reached is still modest. The Province of Ontario through The Elderly Persons' Social and Recreational Centres Act, 1962, provides for a provincial grant to meet 30 per cent of the cost of building or altering premises for use as a centre carried out by a charitable corporation if the local municipality will bear 20 per cent of the cost.

Clubs and centres may be sponsored by municipal recreation authorities, community associations, national women's organizations, local welfare councils, service clubs, churches, and trade unions. Of interest also are clubs for retired employees, and old age pensioners associations. The Ontario Department of Education assists and encourages the development of recreational programs for elderly persons through consultative and informational services.

Welfare councils and family agencies in a number of cities are active in the development of services for the aged. In Winnipeg the Age and Opportunity Bureau provides information, referral, counselling, a housing registry and employment services. In Ottawa there is an Information and Service Bureau within the city health department, and in Toronto the Section on Aging of the Social Planning Council of Metropolitan Toronto encourages the development of services for the aged and provides an information service.

DISABLED PERSONS

Disabled persons in Canada are provided with income support and services through several programs. Under the Canada and Quebec Pension Plans pensions will be available from May 1970 on, to disabled contributors who qualify. Workers disabled by industrial accident covered under Workmen's Compensation are provided with cash payments, medical and hospital care and rehabilitation services under these programs. This aspect is dealt with under the section on Injured Workmen. Disabled persons in need can receive income support under the Disabled Persons' and Blind Persons' Allowances programs. Rehabilitation services are provided to disabled persons under government programs, and maintenance or rehabilitation allowances have been payable under the Vocational Rehabilitation of Disabled Persons Act, 1961 and will be extended by legislation being discussed in Parliament in early 1967.

These and other measures are described below.

(a) Canada Pension Plan and Quebec Pension Plan

Pensions for disabled contributors and benefits for their dependent children will first be payable in the spring of 1970 under the Canada and Quebec Pension Plans.

A contributor who becomes disabled after making the required(1) contributions will be entitled to a disability pension consisting of a flat-rate component, initially $25 monthly, and an earnings-related component amounting to 75 per cent of a retirement pension, calculated as if he had reached 65 in the month the disability pension became payable. A contributor is considered to be disabled if he has a physical or mental disability so severe and likely to continue so long that he cannot get steady work. The benefit payable to a dependent child of a disability pensioner will be explained in the section on Children.

Canada Pension Plan Survivors' pensions to be discussed in the section on Survivors, are payable to dependent disabled widowers, and to disabled widows without children, regardless of their ages. The disabled widower must continue to prove disability for the duration of his pension, whereas the disabled widow need only prove disability to age 45.

(b) Disabled Persons Allowances

In the early 1950's Newfoundland, Ontario, and Alberta had programs providing allowances to disabled persons in need. In 1954, the Disabled Persons Act provided for federal reimbursement to the provinces for allowances paid to permanently and totally disabled persons age 18 or over who are in need and meet residence requirements. In consequence, programs were established in all provinces, replacing those in Ontario and Newfoundland, and resulting in two programs in Alberta - the federal-provincial program and the provincial program for those who could not be covered under the former. To qualify for an allowance a person must also meet the definition of "permanent and total disability" set out in the Regulations to the Act, which requires that a person must be suffering from a major physiological, anatomical, or psychological impairment, verified by objective medical findings; the impairment must be one that is likely to continue indefinitely without substantial improvement and that will severely limit activities of normal living. The program covers persons to age 65, as a general rule. Some provinces transfer persons under this program to the Old Age Assistance

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(1) See page 11 for qualifications.

program on reaching age 65; in other provinces they are transferred to the Old Age Security program on reaching eligible age for that program. The federal contribution may not exceed 50 per cent of $75 a month or of the allowance paid, whichever is less. The province administers the program and, within the limits of the federal Act, may fix the amount of allowance payable, the maximum income allowed, and other conditions of eligibility. Effective April 1, 1965, Quebec withdrew from this federal-provincial program under the Established Programs (Interim Arrangements) Act, which entitles the province to a tax abatement as an equalization payment.

For an unmarried person, total income including the allowance may not exceed $1,260 a year. For a married couple the limit is $2,220 a year except that if the spouse is blind within the meaning of the Blind Persons Act, income of the couple may not exceed $2,580 a year. Allowances are not paid to a person receiving an allowance under the Blind Persons Act or the War Veterans Allowance Act, assistance under the Old Age Assistance Act, a pension under the Old Age Security Act, or a mother's allowance.

The allowance is not payable to a patient in a mental institution or tuberculosis sanatorium. A recipient who is resident in a nursing home, an infirmary, a home for the aged, an institution for the care of incurables, or a private charitable, or public institution is eligible for the allowance only if the major part of the cost of his accommodation is being paid by himself or another individual. When a recipient is required to enter a public or private hospital, the allowance may be paid for no more than two months of hospitalization in a calendar year, excluding months of admission and release, but for the period that a recipient is in hospital for therapeutic treatment for his disability or rehabilitation, the allowance may continue to be paid.

As in previous years, disabilities in the two diagnostic classes -- mental, psychoneurotic and personality disorders, and diseases of the nervous system and sense organs -- have been found to be the most prevalent among the persons becoming eligible for allowance, followed by diseases of the circulatory system. Mental deficiency, the most frequently occurring disability, accounted for over one quarter of all cases granted an allowance.

Data on coverage and Federal Government payments are set out in the following Table.

DISABLED PERSONS' ALLOWANCE STATISTICS, CANADA, FISCAL YEARS ENDED MARCH 31, 1963 TO 1966

Fiscal Year	Recipients in March	Average amount of monthly allowance	Federal government contribution during year[a]
	No.	$	$
1963	50,621	64.10	19,634,313
1964	51,671	69.48	20,206,543
1965	53,103	73.86	23,365,493
1966	34,588[b]	73.51[b]	14,979,430[b]

(a) Maximum allowance shareable by the Federal Government was increased from $65 to $75 a month as of December 1963.
(b) Excludes Quebec.

Recipients of disability allowances who are in need may receive supplementary aid under general assistance programs in the province. Where the amount of aid is determined through an individual assessment of need, which takes the recipient's requirements and resources into consideration, the Federal Government may share in it under the Unemployment Assistance Act or under the Canada Assistance Plan.

(c) Blind Persons Allowances

Pensions to blind persons have been payable under a federal-provincial program since 1937. This program was replaced by the Blind Persons Act of 1951, as amended, providing for federal reimbursement to the provinces for allowances to blind persons age 18 or over who are in need and who meet the necessary requirements. The federal contribution may not exceed 75 per cent of $75 a month or of the allowance paid, whichever is less. The province administers the program and, within the limits of the federal Act, may fix the amount of allowance payable and the maximum income allowed. Effective April 1, 1965, Quebec withdrew from this federal-provincial program under the Established Programs (Interim Arrangements) Act, which entitles the province to a tax abatement as an equalization payment.

To qualify for an allowance a person must meet the required definition of blindness and have resided in Canada for ten years immediately preceding the commencement of the allowance or, if absent from Canada during this period, must have been present in Canada prior to its commencement for a period equal to double any period of absence during the period. For an unmarried person, total

income including the allowance may not exceed $1,500 a year; for a person with no spouse but with one or more dependent children, $1,980; for a married couple, $2,580. When the spouse is also blind, income of the couple may not exceed $2,700. Allowances are not payable to a person receiving assistance under the Old Age Assistance Act, an allowance under the Disabled Persons Act or the War Veterans Allowance Act, a pension under the Old Age Security Act, or a pension for blindness under the Pensions Act (for disabled veterans).

Summary statistics on the Blindness Allowances program are set out in the following Table.

BLINDNESS ALLOWANCE STATISTICS, CANADA, FISCAL YEARS ENDED MARCH 31, 1963 TO 1966

Fiscal Year	Recipients in March	Average amount of monthly allowance	Federal government contribution during year[a]
	No.	$	$
1963	8,634	62.50	4,881,829
1964	8,581	68.12	4,987,897
1965	8,586	72.10	5,624,702
1966	8,437[b]	71.05[b]	3,632,212[b]

(a) Maximum allowance shareable by the Federal Government was increased from $65 to $75 a month as of December 1963.
(b) Excludes Quebec.

Recipients of blindness allowances who are in need may receive supplementary aid under general assistance programs in the provinces. Where the amount of aid is determined through an individual assessment of need, which takes the recipient's requirements and resources into consideration, the Federal Government may share in it under the Unemployment Assistance Act or under the Canada Assistance Plan.

(d) Rehabilitation Allowances

At present rehabilitation allowances are paid under the Technical and Vocational Training Assistance Act administered by the Federal Department of Manpower and Immigration. Training of disabled persons to fit them for gainful employment, is supplied through federal-provincial agreements made under this Act which provides for equal sharing of the cost by Canada and the provinces. The training costs cover prevocational

preparation, tuition, books and supplies, maintenance allowances, travel expenses and extra costs necessitated by disability. During 1965-66 there were approximately 3,900 disabled persons enrolled in various courses; federal government payments amounted to $799,894.

Revised maintenance or rehabilitation allowances are proposed under the Adult Occupational Training Program being considered in Parliament early in 1967. This legislation will replace the Technical and Vocational Training Assistance Act. It provides that the federal government will pay all costs, but the provinces will continue to operate the programs.

(e) Rehabilitation Services

The principal rehabilitation services in Canada comprise the federal-provincial vocational rehabilitation program, the workmen's compensation programs, and the activities of numerous voluntary agencies. Influenced by the successful experience in rehabilitating disabled war veterans and injured workers and by the recommendations of a national conference on rehabilitation in 1951, the federal government appointed a National Coordinator of Civilian Rehabilitation in 1952 and introduced measures to assist the provinces to develop rehabilitation services for civilians.

Since 1954, the Medical Rehabilitation Grant and other grants under the National Health Grants Program have assisted provincial health departments, teaching hospitals, rehabilitation centres and voluntary agencies to extend their rehabilitation services and to train rehabilitation personnel. The national vocational rehabilitation program for the equal sharing of the costs of assessment and other needed services has been strengthened since 1961 by the Vocational Rehabilitation of Disabled Persons Act administered by the Department of Manpower. Under this statute, the National Employment Service (now Canada Manpower Division) has continued its responsibility for special job placement of the handicapped, while vocational training of the disabled has remained a function of the federal-provincial Technical and Vocational Training Program.

With the support of provincial and local bodies, national agencies have become increasingly active in stimulating interest in broadening services for the handicapped. The Canadian Rehabilitation Council for the Disabled, established in 1962, serves to coordinate voluntary rehabilitation activities. Another example is the work of the Associate Committee on the National Building Code of the National Research Council which has published Building Standards for the Handicapped.

SURVIVORS

Benefits to surviving dependants of contributors will be provided under the Canada and Quebec Pension Plans from early 1968 on. Mothers in need can receive assistance under existing programs in all provinces. Some provinces provide assistance also to older widows. Workmen's Compensation and the War Veterans and Civilian War Pensions and Allowances programs also provide benefits to survivors.

(a) Canada Pension Plan and Quebec Pension Plan

Survivor's benefits for dependants of contributors to the Canada and Quebec Pension Plans include the widow's pension, disabled widower's pension, orphan's benefit and death benefit. The orphan's benefit is discussed in the section on Children.

(i) Widow's Pension: A widow's pension is payable to qualified widows in all cases at age 65; but under 65 a number of factors can affect payment. A widow age 45 to 64 at her husband's death, a disabled widow under age 65, and a widow under age 65 with dependent children, will be entitled to a widow's pension if her husband has made the required number of contributions.(1) This pension will include a flat-rate component, initially $25 a month, and an earnings-related component equal to 37.5 per cent of the retirement pension payable to her deceased husband. If he is under age 65 at the time of his death, his pension is calculated as if he had actually attained age 65 at that time. A widow who is not disabled and who does not have dependent children may receive a reduced pension if she is under age 45 at the death of her husband. If she is between 35 and 45, her pension is reduced by 1/120 for each month short of 45 she is at his death. If she is under age 35 her widow's pension is reduced to zero until she reaches 65 years of age unless she becomes disabled in the interim. The definition of disability used for the disabled contributor's pension is also used to determine disability for a widow or widower. A widow can receive both a widow's pension and a disability pension, but the total cannot exceed the maximum retirement pension payable under the program.

A woman widowed at age 65 or over, or a widow reaching age 65, will receive a pension calculated on a different basis than for those under 65. At that time it will normally be calculated as 60 per cent of her husband's retirement pension. Widows aged 65 or over who are also entitled to retirement pensions of their own may receive whichever is greater - 60 per cent of their own and their husbands' pensions, or 100 per cent of their own and 37.5 per cent of their husbands' pensions. However, again there is a limit on the amount payable under such combined pensions.

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(1) See page 11 for requirements.

(ii) Disabled Widower's Pension: A pension is provided for the disabled widower of a contributor if he was disabled at the time of his wife's death and was, at that time, wholly or substantially maintained by her. The rate of pension is the same as that for disabled widows. A disabled widower entitled to his own retirement pension is also provided with the same two alternative formulae for purposes of calculating his total retirement income. The disabled widower must continue to prove disability for the duration of his pension. Before age 65 he can receive both a disabled widower's pension and a disability pension, subject to a limit in the combined total.

(iii) Death Benefit: A lump sum death benefit is payable subject to the same qualifying conditions as for survivors' pensions. The amount of the benefit is six times the monthly retirement benefit that is being (or would be) paid to the contributor in the month of his death, but cannot exceed 10 per cent of the maximum pensionable earnings for that year. If the contributor is under 65 years of age when he dies, the retirement pension will be calculated as if he were 65 at the date of his death.

(b) Widows' Allowances

Two provinces have widows' allowances programs for needy widows 60 years of age or more on a means test basis, and all provinces provide assistance to widows as to other needy persons under their general assistance programs.

(c) Mothers' Allowances

All provinces make provision for allowances to needy mothers with dependent children. A number of provinces have combined such allowances into a broadened program of provincial allowances to persons in several categories of long-term need and others have incorporated this type of aid along with general assistance into a single Act, while continuing separate administration. In British Columbia, on the other hand, aid is provided to needy mothers under the general assistance program on the same basis as to other needy persons. The cost of allowances to needy mothers has been shareable with the Federal Government under the Canada Assistance Plan since April 1966.

Subject to conditions of eligibility which vary from province to province, mothers' allowances or their equivalents are payable to applicants who are widowed, or whose husbands are mentally incapacitated or are physically disabled and unable to support their families. They are also payable to deserted wives who meet specified conditions; in several provinces to mothers whose husbands are in penal institutions, or who are divorced or legally separated; in some provinces to unmarried mothers; and in Ontario, Quebec, and Nova Scotia, to Indian

mothers. Foster mothers may be eligible under particular circumstances in most provinces.

The age limit for children is 16 years in most provinces, with provision made to extend payment for a specified period if the child is attending school or if he is physically or mentally handicapped. In all provinces applicants must satisfy conditions of need and residence but the amount of outside income and resources allowed and the length of residence required prior to application vary, the most common period being one year. One province has a citizenship requirement.

The number of families and children assisted in Canada as at March 31, 1965, together with the amounts of benefits paid by provincial governments are given in the following Table.

MOTHERS' ALLOWANCE STATISTICS, CANADA, AS AT MARCH 31, 1962 TO 1965

Fiscal Year	Families assisted	Children assisted	Payments during the year ended March 31
	No.	No.	$
1962	45,477	117,384	48,104,508
1963	45,240	120,229	50,641,496
1964	46,235	123,791	55,425,144
1965	44,389	121,399	56,075,733

(d) Other Survivors' Benefits

As mentioned above survivors' benefits are provided under Workmen's Compensation and Veterans programs.(1)

Under Workmen's Compensation if a workman dies as a result of an industrial injury, his widow is granted a monthly pension, a special lump sum payment, an allowance for funeral expenses, and a monthly payment for each child under the age limit provided by the law.

(1) See also sections on Injured Workmen and Veterans.

Benefits are payable to survivors of veterans who die as a result of war injury, or as a result of injury incurred in peacetime military service; and to survivors of certain civilians with war service who die as a result of injury received in this service. Benefits are also payable on the basis of need to survivors of veterans or of certain civilians with war service where no war injury was incurred, but where the veteran or civilian had previously qualified for social assistance under a veterans program. Survivors under veterans programs include widows, children, and dependent parents.

CHILDREN

There are a variety of programs designed to provide income support and welfare services to children. Income support is given under Family Allowances, Family Assistance and Youth Allowances programs for all eligible children regardless of the economic status of the recipients. Payments without a means or needs test for surviving dependent children are made under the Workmen's Compensation, War Veterans and Civilian War Pension Acts, and will be available early in 1968 under the Canada and Quebec Pension Plans. Benefits will be available from mid 1970 under the Canada and Quebec Pension Plans for children of a disabled contributor. Payments for dependent children subject to a means test are made under the Mothers' Allowances programs and the War Veterans and Civilian War Allowances program.

Finally, welfare services are provided to children by a number of public and private programs.

(a) Family Allowances

The Family Allowances Act, 1944 as amended, provides payments with respect to all Canadian children up to age 16. The allowances are not subject to a means test and are paid from the federal Consolidated Revenue Fund. They do not constitute taxable income but there is a smaller income tax exemption for children eligible for allowances.

Allowances are payable in respect of every resident child under the age of 16 years who was born in Canada, or who has been a resident of the country for one year, or whose father or mother was domiciled in Canada for three years immediately prior to the birth of the child. Payment is made by cheque each month, normally to the mother, although any person who substantially maintains the child may be paid the allowance. Allowances are paid at the monthly rate of $6 for each child under 10 years of age and $8 for each child age 10 or over but under 16 years. If the allowances are not spent for the purposes outlined in the Act, payment

may be discontinued or made to some other person or agency on behalf of the child. Allowances are not payable for any child who fails to comply with provincial school regulations or on behalf of a girl who is married and under 16 years of age.

The program is administered by the Department of National Health and Welfare through regional offices located in each provincial capital. The Regional Director located at Edmonton is also responsible for administering the accounts of residents in the Yukon and Northwest Territories.

The Table below sets out recent statistics on the Family Allowances Program:

FAMILY ALLOWANCES STATISTICS, CANADA,
FISCAL YEARS ENDED MARCH 31, 1963 TO 1966

Fiscal Year	Families receiving allowance in March	Children for whom allowance paid in March	Average number of children per family in March	Average Monthly Allowance(1) Per family	Average Monthly Allowance(1) Per child	Net Total Allowances paid during fiscal year
	No.	No.	No.	$	$	$
1963	2,680,745	6,659,880	2.48	16.63	6.69	531,566,349
1964	2,711,272	6,736,157	2.48	16.67	6.71	538,312,224
1965	2,746,549	6,817,013	2.48	16.68	6.72	545,775,231
1966	2,785,636	6,865,057	2.46	16.59	6.74	551,734,824

(1) Based on gross payment for March

(b) Family Assistance

The Federal Government pays Family Assistance, at the rates applicable for Family Allowances, for each child under 16 years of age resident in Canada and supported by an immigrant who has landed for permanent residence in Canada, or by a Canadian returned to Canada to reside permanently. The assistance, which is payable monthly for the first year of the child's residence in Canada, is intended to bridge the gap until the child becomes eligible for Family Allowances.

(c) Youth Allowances

Legislation providing for a program of Youth Allowances was assented to on July 16, 1964 and became effective September 1964. The Federal Government does not provide Youth Allowances in Quebec, which already had its own program. That province is compensated by a tax abatement adjusted to equal the amount that the Federal Government would otherwise have paid in allowances to Quebec residents. The federal Youth Allowances and the Quebec Schooling Allowances programs cover all eligible youths in Canada.

Under the federal program, monthly allowances of $10 are payable in respect of all dependent youths age 16 and 17 who are receiving full-time educational training or are precluded from doing so by reason of physical or mental infirmity. Both the parent or guardian and the youth must normally be physically present and living in a province other than Quebec. The allowance is not payable to a parent who resides in Quebec or outside Canada regardless of where his child may be attending school. However, a dependent youth may attend school in Quebec or outside Canada or, if disabled, receive care or training in Quebec or outside Canada and still be considered eligible, on the basis that he is a resident of a province other than Quebec but is temporarily absent.

Allowances normally commence with the month following that in which Family Allowances cease and continue until the school year terminates. They are paid retroactively for the summer months on the youth's return to school at the commencement of the new school year. Allowances for a disabled child not attending school, however, are payable continuously throughout the year. Should the youth leave school, leave the country permanently, cease to be maintained, take up residence in Quebec or die, the allowance will cease. Otherwise, the youth allowance continues until the end of the month in which the youth reaches age 18. Youth Allowances are not considered to be income for any purpose of the Income Tax Act.

The program is administered by the Department of National Health and Welfare. The national director of the Family Allowances and Old Age Security programs also administers Youth Allowances, assisted by regional directors located in each of the provincial capitals other than Quebec City. The costs of Youth Allowances are met from the Consolidated Revenue Fund.

The Table below gives summary statistics on the Youth Allowances Program:

YOUTH ALLOWANCES STATISTICS, CANADA, EXCLUDING QUEBEC, YEARS ENDED MARCH 1965 AND MARCH 1966

Year	Youths for whom allowances paid in March: Attending school full-time	Youths for whom allowances paid in March: Having physical or mental infirmity	Total youths	Net total Allowances paid during fiscal year
	No.	No.	No.	$
1965(1)	396,277	1,756	398,033	26,869,815
1966	402,802	1,992	404,794	46,468,550

(1) Covers seven months; program became effective September 1, 1964.

(d) Orphans Benefit (Canada Pension Plan)

If a qualified male contributor dies, a monthly benefit is payable on behalf of any dependent child whether or not the mother is alive. This benefit is also payable on the death of a female contributor if she was maintaining the child at the time of her death. To be eligible for the benefit the child must be a dependent child as defined by the Canada Pension Plan Act.

The amount of the benefit is $25 monthly for each of the first four dependent children of a contributor, and $12.50 a month for each additional child. If both parents were contributors, and both die, only one orphan's benefit is payable to each of their children. The benefit ends when the child gets married, reaches age 18, or between 18 and 25 at a time when he ceases to attend school or university full-time.

(e) Child of a Disabled Contributor (Canada Pension Plan)

The benefit payable to the child of a disabled contributor is identical to the orphan's benefit. It is payable to each child of a contributor receiving a disability pension. There are two additional conditions for this benefit: (1) the benefit will be terminated if the disabled contributor

ceases to receive his disability pension; and (2) children conceived or adopted after the contributor's disability began will not be eligible for the benefit.

(f) Mothers' Allowances

Payments are made with respect to children under the provincial Mothers' Allowances programs. As mentioned previously, the Mothers' Allowances programs are subject to a needs test and residence requirements, with one province demanding citizenship. The rates vary provincially. The age limit is 16 years in most provinces with provisions made to extend payment for a specified period if the child is attending school or if he is physically or mentally handicapped.

(g) Children under other programs

All provinces of Canada make payments of benefits to surviving children with respect to a deceased injured worker under the Workmen's Compensation Acts. The benefits are payable unconditionally.

Also, programs for war veterans and civilians with war service provide benefits to surviving children either unconditionally or on a means tested basis depending on the nature of the veterans program.

(h) Child Welfare Services

All provinces have some central authority, usually a division of child welfare within the department of welfare, responsible for direction of the child protection program which provides for the care of neglected and dependent children. Except in Quebec, the program may be administered by the provincial authority itself or the administration may be delegated under the law to local children's aid societies which are voluntary agencies with local boards of directors, chartered, supervised, and generally assisted financially by provincial departments. The child welfare agencies, whether provincial offices or children's aid societies, have authority to investigate cases of alleged neglect, to apprehend a child, and to bring the case before a judge upon whom rests the responsibility of deciding whether in fact the child is neglected. Thus, the ultimate power to remove a child from the guardianship of the parents and commit him to the guardianship of the state or of a society, depending on provincial law, rests with the courts. The child welfare agencies normally also engage in preventive work and provide foster and adoption placements and other child care services.

Services are operated provincially in Saskatchewan, New Brunswick, Prince Edward Island, Newfoundland, and to a large extent in Alberta, where there is also some delegation of authority to local public welfare departments in the two major cities. In Ontario services are administered

by a network of children's aid societies throughout the province; and in British Columbia, Manitoba, and Nova Scotia, by children's aid societies in the more densely populated areas and by the province elsewhere. In Quebec, needy and abandoned children are generally cared for in institutions such as orphanages, nurseries, and other homes, although there is an increasing use of foster family homes. Substantial financial aid is given by the province, through the Department of Family and Social Welfare, to recognized agencies and institutions caring for children, for preventive and rehabilitative work among neglected and dependent children, and for youth protection schools. In most provinces the municipality of residence bears some of the cost of maintenance of children committed to an agency or to the provincial authority.

In recent years child welfare agencies have been making greater use than formerly of various types of placement resources to meet the needs of individual children. Greater use of group care facilities has been made possible by changes in the program and policies of a number of institutions, and small, specialized institutions are developing, notably for emotionally disturbed children who cannot benefit from foster family homes. Continued emphasis is being placed upon the early adoption placement of children, and several provinces are making special efforts to develop a province-wide clearance service, particularly for children difficult to place because of age, physical handicaps or other reasons.

UNEMPLOYED PERSONS

The main programs for unemployed persons in Canada are Unemployment Insurance and the National Employment Service now known as the Canada Manpower Division of the Department of Manpower and Immigration. Minor programs providing income maintenance to unemployed persons are the Supplementary Unemployment Benefit and Transitional Assistance Benefit programs. Unemployed persons in need who have exhausted their credits under the Unemployment Insurance program and needy persons who are non-employable may be assisted under provincial social assistance programs, the costs of which are shared under the Unemployment Assistance Act or the Canada Assistance Plan. Two other programs of importance to this group are Manpower Mobility and Vocational Training Allowances. Proposed legislation is being discussed in Parliament at present (March 1967) to extend the scope of these programs.

(a) Unemployment Insurance

The depression of the 1930's emphasized the urgent need for a nation-wide unemployment insurance program. In 1935, the Employment

and Social Insurance Act was passed by the Federal Parliament but was subsequently declared ultra vires by the Supreme Court and by the Privy Council. Later, with the consent of the provinces, an amendment to the British North America Act was obtained empowering the Federal Parliament to legislate on unemployment insurance. In 1940, the Unemployment Insurance Act was passed. It made provision for a compulsory, contributory, unemployment insurance program at the national level and also for a National Employment Service to operate in conjunction with and ancillary to unemployment insurance. The Act came into effect on July 1, 1941; amended on several occasions, it was completely revised in 1955.

Some four-fifths of all non-agricultural employees are compulsorily covered under the program which is administered by the Federal Government. Unemployment benefits are earnings-related. The benefit ranges from $6.00 to $27.00 weekly for a person without dependants, and $8.00 to $36.00 for a person with one or more dependants.

The Unemployment Insurance Act applies to all persons employed under a contract of service, except the following: employment in specified industries or occupations such as agriculture, horticulture and forestry (effective January 1, 1956, coverage was also extended to certain fringe areas of employment in these three industries and from April 1, 1967 farm workers are also covered); the Canadian Armed Forces; most Federal Government employees; provincial government employees except where insured with the province's concurrence; certified permanent employees of municipal or public authorities; private domestic service; private-duty nursing; teaching; certain director-officers of corporations; workers on other than an hourly, daily or piece rate earning more than $5,400 a year effective September 27, 1959, unless they elect to continue as insured persons; employees in a charitable institution or in a non-profit hospital except where the institution or hospital consents to insure certain groups of persons with the concurrence of the Commission. All persons paid by the hour, or at a piece rate (including a mileage rate) are insured regardless of the amount of their earnings.

The amount of the employee contribution is determined by the employee's actual weekly earnings irrespective of the number of days worked. An equal contribution is required from the employer. The Federal Government contributes one fifth of the aggregate employer-employee contribution and defrays administrative expenses. Contributions became payable on July 1, 1941. Benefits became payable on January 27, 1942, and by March 31, 1964 a total of $4,475,000,000 had been paid.

The benefit rates are calculated on the average weekly contributions for the last 30 weeks in the 104 consecutive weeks preceding claim. In order to qualify for regular benefit, a claimant must have at least 30 weekly contributions in the last 104 weeks prior to claim, eight weekly contributions since the start of the last preceding regular benefit period or in the last year prior to claim, whichever is the shorter period, and 24 weekly contributions since the start of the last preceding benefit period, or in the year prior to the claim, whichever is the longer period.

The regular contribution requirements are relaxed somewhat during a 5 1/2-month period commencing with the first week of December each year. Under this provision, claimants unable to fulfil the contribution requirements for regular benefit may draw a "seasonal benefit" if they have at least 15 contribution weeks during the fiscal year or, failing this, if they terminated regular benefit since the previous mid-May.

(b) The National Employment Service now Canada Manpower Division

The National Employment Service was established under the Unemployment Insurance Act and has been in operation since 1941. In April 1965, the National Employment Service was transferred from the Unemployment Insurance Commission to the Department of Labour and subsequently to the new Department of Manpower and Immigration in order to place the most essential elements of manpower policy within the authority of that Department. The National Employment Service is now known as the Canada Manpower Division of the Department of Manpower and Immigration and operates through Canada Manpower Centres throughout the country. This service is now the key operational agency in the manpower field. The Canada Manpower Division maintains free employment service by which the Manpower Centres assist unemployed persons or employed persons who apply to explore employment opportunities in the area of the person's residence and in other areas of the country as well. Employers are not obliged to list employment with the Manpower Centres but do so because of the quality of the service provided. The Division also gathers and disseminates information on labour supply and demand and deals with the movement of workers from one area to another.

In 1964, the National Employment Service provided employment for about 846,000 males and about 395,000 female applicants.

(c) Transitional Assistance Benefit Program

This program was set up by the Federal Government in 1965 to alleviate possible economic and technological effects on Canadian employment of the Canada-United States Agreement on Automotive

Products. The Federal Government has provided a fund which is administered by the Unemployment Insurance Commission. The plan will pay to qualified persons a benefit which may be as high as 75 per cent of the persons average take-home pay or 65 per cent of the average weekly wages and salaries in the industry. The benefit is payable for a maximum of 53 weeks.

(d) Supplementary Unemployment Benefit

This program is set up by collective bargaining and financed solely by employers. The first Supplementary Unemployment Benefit program was negotiated between the United Automobile Aerospace and Agricultural Implement Workers of America International Union (UAW), and the General Motors Corporation of Canada and came into effect on February 13, 1956. Since then several other collective agreements in a number of industries have introduced Supplementary Unemployment Benefit programs. This will pay to an unemployed worker a benefit which along with this Unemployment Insurance benefit will guarantee the beneficiary up to 65 per cent of his take-home pay.

(e) Manpower Mobility Program

This program provides grants to assist workers to explore employment opportunities in areas other than their area of residence (Exploratory Grant); to travel to approved training (Trainee Travel Grant); and to relocate in another area (Relocation Grant).

Dependants' allowances are paid up to a maximum of four weeks to workers who obtain Exploratory Grants.

For persons who obtain Trainee Travel Grants only travel costs are paid; all other allowances are paid under the appropriate training program.

Workers who obtain Relocation Grants are eligible for the following allowances:

(i) Travel costs to the place of relocation for the worker and his dependants.

(ii) Movement of his household effects and mobile home (if this is his place of residence).

(iii) Re-establishment Allowances to a worker who has resided in Canada for 12 months before making application: $200 for the worker, $200 for his first dependant, and $100 for each additional dependant to a maximum of six, with the maximum amount payable being $1,000.

(iv) Home Owner's Allowances: An allowance of $500 is to be paid to a worker who is moving or has moved under the Manpower Mobility Program and who meets the following conditions:

(a) that he has resided in Canada for at least 12 months before applying for a Relocation Grant;

(b) that he applies for the allowance within 12 months of moving to his new location;

(c) that he has a home in which he or any of his dependants have a legal or equitable interest but not a leasehold interest and which they occupied in his locality residence, and he or his dependant has sold the home or their equitable interest in the home which the worker occupies and will be leasing, or has made an offer to purchase a home at his new locality.

(v) Medical Examination: When a medical examination is a requirement for employment, an allowance for such examination can be made.

Generally persons will explore or relocate in the areas nearest to their place of residence. In order to obtain assistance the worker must obtain authorization to move from the Canada Manpower Division through his local Canada Manpower Centre.

(f) Vocational Training Assistance

Because of the importance of a high level of occupational and technical competence in the economic development of the country, the Federal Government assists the provinces in the development of programs of technical education at different levels -- for youths preparing to enter the labour market, for trade and other occupational training and re-training of adults (pre-employment and up-grading courses), and for advanced technical training. To this end, the Technical and Vocational Training Assistance Act was passed in 1960 to provide financial assistance to the provinces for vocational training. The following specific measures were agreed upon by the federal and provincial governments: (1) a capital assistance program; (2) nine other programs covering technical and vocational high school training, technician training, trade and other occupational training, training in co-operation with industry, training of the unemployed, training of the disabled, training of technical and vocational teachers, training for federal departments and agencies, and student aid; and (3) Apprenticeship Training Agreements.

The need for further research into the whole field of manpower needs prompted the later addition of a tenth program -- manpower requirements and manpower training research. This was designed to stimulate and encourage research projects undertaken in the provinces to provide information relating to technical and vocational training and manpower requirements, including the improvement of training programs and methods and the determination of manpower requirements. The federal contribution is 50 per cent. of provincial expenditures.

The capital assistance program under which the Federal Government pays 75 per cent of provincial expenditures up to a specified total for each province and 50 per cent of remaining expenditures has given a tremendous impetus to the development of training facilities. During the period April 1, 1961 to February 28, 1967, projects valued at over $1,374,000,000 were approved. The federal contribution was approximately $740,000,000.

In addition to assisting financially with the provision of physical facilities for training, the Federal Government shares in the operating costs of the various programs with the provinces conducted under the terms of the Technical and Vocational Training Agreements, and the Apprenticeship Training Agreements. The courses offered vary in length from a few weeks up to several years.

Of particular concern is the need to improve both the educational and vocational competence levels of those already in the labour force. The Federal Government undertakes to share the expenditures made by employers in developing and operating approved training programs for their employees, particularly basic training in mathematics, science, and communication skills, re-training of persons subject to technological or economic change, and apprenticeship training; higher level and other training projects are also encouraged. A Manpower Consultative Service has been established to assist industry with problems encountered in the fields of manpower training and employment and to take part in the manpower research program.

Legislation now before Parliament (March 1967) proposes that adult occupational training will be fully a federal responsibility including training allowances paid to persons undergoing training which now vary from $35 to $90 weekly depending on the person's marital status and the location of the training centre in relation to his place of residence.

INJURED WORKMEN

Programs covering workmen injured at work are the Workmen's Compensation programs operated in each province, and federal programs of workmen's compensation for government employees and for Seamen. For those injured other than at work the disability pension under the Canada and Quebec Pension Plans will become available in early 1970. Injured workmen in need but not covered by Workmen's Compensation may be entitled to assistance under the Blind or Disabled Persons Allowances programs or under provincial assistance programs the costs of which are shareable under either the Unemployment Assistance program or the Canada Assistance Plan.

This section deals only with Workmen's Compensation programs as the programs assisting disabled persons in need and the disability pension under the Canada and Quebec Pension Plans have already been described.

(a) Workmen's Compensation

All provinces have legislation covering compensation for injury or death arising out of and in the course of employment in a wide range of industries, or for disablement from a specified industrial disease, except where the period of disability is less than a stated number of days. Legislation in all provinces provides for a compulsory system of collective liability on the part of employers. To ensure payment of compensation, each Act provides for an accident fund, administered by the province, to which employers in the industries covered are required to contribute at a rate determined by the Workmen's Compensation Board in accordance with the hazards of the industry. Therefore a workman to whom these provisions apply has neither the need nor the right to take action against his employer for injury from an accident during employment. The Acts vary in scope but in general they cover construction, mining, manufacturing, lumbering, transportation, communications, the operation of public utilities, and various types of commercial establishments. Undertakings not employing more than a stated number of workmen are excluded in some provinces. In Ontario and Quebec, public authorities, railway and shipping companies, and telephone and telegraph companies are individually liable for compensation as determined by the Board and pay a proportion of the expenses of administration. A federal Act provides for compensation for accidents to Federal Government employees according to the scale of benefits provided by the Act of the province in which the employee is usually employed. Seamen are entitled to compensation under the Merchant Seamen's Compensation Act.

Benefits in case of disability include all necessary medical care and hospitalization, cash payments during the period of temporary disability to indemnify the injured workman for loss of wages, a life pension for any resulting permanent disability, and rehabilitation services. Benefits for total disability are 75 per cent of annual average earnings subject to maximums ranging from $4200 to $6600 as specified under provincial legislation. In the case of the death of the workman, a widow is granted a monthly pension, a special lump sum payment, an allowance for funeral expenses and a monthly payment for each child under the age limit provided by the law. When there is no dependent widow or children, and there are other dependants such as a parent or parents, an award is made which, in the judgment of the Board concerned, is proportionate to the pecuniary loss sustained.

(b) Merchant Seamen's Compensation

The Merchant Seamen's Compensation Act provides employment injury or death benefits to seamen and their dependants for accidents arising out of their employment. The program is administered by the Merchant Seamen Compensation Board, a Federal Government agency.

The plan covers all persons, except pilots and fishermen, employed or engaged on a ship registered in Canada or chartered by a person resident in Canada or having his principal place of business in Canada. The plan does not apply to persons who are otherwise eligible for Workmen's Compensation.

SICK PERSONS

Hospital care at the standard-ward level is provided in Canada through the federal-provincial insurance programs in all provinces and territories. Medical care (that is, physicians' services) is provided through provincial medical care plans in Saskatchewan, Alberta, British Columbia, Ontario, and Newfoundland, and through voluntary medical care insurance plans, which are described under the section "General". Also several provinces provide medical care to needy persons, and provision is made to extend these programs under the Canada Assistance Plan. A federal Medical Care Insurance Act was passed in December 1966 under which the Federal Government may share the cost of provincially administered medical care insurance plans. This plan is to come into effect by July 1968. Public health services are provided mainly by the provinces supplemented by services provided by the Federal Government. Federal grants to the provinces support the construction of hospitals, medical, dental and nursing schools, provide for training of people in the health professions, and assist the development of various preventive, rehabilitative and public health services.

(a) Hospital Insurance and Diagnostic Services Plan

The federal-provincial hospital insurance program, now established in all provinces and territories, covers 98.7 per cent of the total population of Canada. This program was introduced under the federal Hospital Insurance and Diagnostic Services Act of 1957, although Newfoundland, Saskatchewan, British Columbia, and Alberta had had provincial programs in operation for several years before that. Under the federal Act the Federal Government shares with the provinces the costs of providing specified hospital services to insured patients. The choice of methods of financing and administering the program at the provincial level, and the choice of the types of service offered above the minimum stipulated in the Act, rest with the provinces.

Federal legislation covers services in institutions approved to provide acute, chronic, and convalescent care. Institutions providing custodial care are excluded from this federal-provincial plan, but may be included under the Canada Assistance Plan. Tuberculosis and mental hospitals are also excluded, since all provinces have for many years provided free or low-cost care in such hospitals. However, the psychiatric and tuberculosis units of general hospitals are included in the program.

The basic range of in-patient benefits that each province is required to provide under the Act includes standard ward accommodation and meals, nursing service, drugs and biologicals, surgical supplies, the use of operating and case rooms, diagnostic procedures (including X-ray and laboratory procedures) together with the necessary medical interpretations, and the use of radiotherapy and physiotherapy facilities, where available. The same benefits for out-patients, although authorized for assistance under the federal legislation, are not mandatory upon provincial plans. All provinces except one provide some insured out-patient services under the plan. The pattern varies from province to province, but among the services offered are emergency care following accidents, diagnostic services, and therapeutic services, including minor surgical and medical procedures. Some provinces provide certain psychiatric out-patient services.

Provinces use different methods of administering and financing their programs, and establishing eligibility for benefits. In some provinces the hospital insurance program is administered by the Department of Health, in others by a separate hospital services commission. Moneys raised through general revenues, provincial sales taxes, and personal premiums are used separately and in combination, in different provinces. In some provinces eligibility for benefits is dependent upon payment of a premium as well as fulfilment of residence

requirements; in others, residence in the province is the only determining factor of eligibility for benefits. Coverage is universal in provinces where no premiums are levied, and it is either automatic or compulsory in all provinces except Ontario, where participation in the insurance program is voluntary for certain groups of people.

Under the cost-sharing formula specified in the Hospital Insurance and Diagnostic Services Act, the Federal Government pays each province 25 per cent of the per capita cost of in-patient services in Canada as a whole plus 25 per cent of the per capita cost of in-patient services in the province, multiplied by the average for the year of the number of insured persons in the province. On a national basis, the federal contribution amounts to about 50 per cent of shareable costs. However, for individual provinces the proportion of shareable costs met by the Federal Government varies, with a higher proportion of the cost of low-cost programs than of high-cost programs being met.

(b) Public Medical Care Programs

Province-wide medical care insurance programs are operating in Saskatchewan, Alberta, British Columbia, Ontario, and Newfoundland, with differences in degree and extent of coverage, and the benefits provided. In addition, several provinces have special programs for public assistance recipients.

(i) Provincial Medical Care Programs

Saskatchewan is the only province which has a universal coverage medical care program. Since July 1962, every person who has resided in Saskatchewan for three months, and is not entitled to receive medical services under other public programs and has paid, or has had paid on his behalf, the required premiums, is entitled to have payment made on his behalf from the Medical Care Insurance Fund for medically required medical, surgical, and obstetrical care, without limit, in his home, in the doctor's office, and in hospital, from the physician of his choice, including payment at specialists' rates for referred specialists' services. The premiums, $12 for a single person and $24 a year for a family, cover about 25 per cent of the costs of the program.

Three provinces; Alberta, British Columbia, and Ontario, have established provincially assisted voluntary medical care programs.

The Alberta Medical Plan, October 1963, was designed to help residents with low incomes who voluntarily purchase medical care insurance from approved non-profit and commercial agencies. The

approved carriers must make available to all residents insurance covering physicians' services in home, office, or hospital, as well as surgical, specialist and general diagnostic services, and 20 per cent of the cost of laboratory, radiological and diagnostic services at hospitals, private clinics, and laboratories - the rest being provided under the provincial hospital insurance plan. These benefits must be insured either without charge at the time of service, or with no more than a 20 per cent deterrent charge per visit, and no more than $50 per family ($25 per person) deductible from total annual benefits. There must be no exclusions because of age, pre-existing health conditions, or previous insurance. Maximum premium rates set by the province, must not be exceeded. The plan is financed completely from personal premiums but there is provision for government subsidization of all or part of the premium costs of low-income persons.

Since July 1, 1966 a new Extended Health Benefits Plan has made available many additional health services not covered by the Alberta Medical Plan, including prescribed drugs, optometry, physiotherapy, psychology, ambulance, osteopathy, chiropractic, podiatry, naturopathy, and various medical supplies and appliances.

The British Columbia Plan, September, 1965, makes available, to all provincial residents, insurance that provides most physicians' services, as well as limited physiotherapy, special nursing, chiropractic, and naturopathic services. Annual premiums are $60 for a single person, $120 for a family of two, and $150 for a family of three or more. To persons resident in the province for the preceding twelve months, the government offers subsidies of 90 per cent of the premium if they have no taxable income, and of 50 per cent if they have taxable income from $1 to $1,000. Physicians are paid under the program a minimum of 90 per cent of the fees listed in the current provincial fee schedule, revised biennially according to an agreed-upon formula that takes into account changes in the industrial composite index of average weekly wages and salaries in British Columbia and the consumer price index for Vancouver.

The Ontario Medical Services Insurance Plan, July 1966, offers to all Ontario residents an insurance plan that covers most physicians' services. Premiums are the same as in British Columbia. The government will pay the full premium of applicants resident in the province for the previous twelve months who had no taxable income, and of recipients of public assistance. It will pay 50 per cent of the premium for single applicants who had taxable income in the preceding year of $500 or less; 50 per cent of the premium for married applicants with one dependant, whose taxable income in the preceding year was $1,000 or less; and 60 per cent ($90) of the premium for married applicants with two or more dependants, whose taxable income was

$1,300 or less. The Plan makes payments for insured services provided to covered persons at 90 per cent of the schedule of fees of the Ontario Medical Association.

In Newfoundland there is a medical care program for selected groups. Under the Cottage Hospital Medical Care Plan, in about 18 rural cottage hospital districts with some 42 per cent of the provincial population, the Province pays for medical care in the home, doctor's office, and out-patient clinic or cottage hospital, as well as specialist care not available in the local area that is secured in St. John's, Grand Falls or Corner Brook upon referral by the local doctor or nurse. Premiums charged vary according to district from $6 to $24 a year for a family, and from $3 to $12 for a single person. Physicians in cottage hospital districts are paid a full-time negotiated salary, the amount varying with size of district, level of responsibility, years of experience and other factors. In three additional rural areas the government subsidizes the costs of voluntary organizations that employ doctors and provide comprehensive services to area residents upon payment of a premium.

Newfoundland also has the Children's Health Service, financed out of general revenues, which automatically covers all children under sixteen years of age for in-hospital medical and surgical care, anaesthesia and special consultations. The Plan does not cover doctors' bills for home or office calls, nor does it cover the cost of dental services. Physicians are paid for services rendered approximately 80 per cent of the provincial fee schedule.

(ii) Federal-Provincial Medicare Program

The Medical Care Act was passed by the Canadian Parliament in December 1966 and is to become operative not later than July 1, 1968. The provisions of this statute are based on principles outlined by the Prime Minister in July 1965, when he announced the intention of the government to make available to the provinces federal financial contributions for provincially administered medical care programs.

In accordance with the terms of the Medical Care Act, the Federal Government is empowered to make contributions amounting to half the per capita cost of insured services furnished by participating provinces and in accordance with the average number for the year of insured persons covered. In order to benefit from this federal contribution, a provincial plan must meet the following criteria:

(1) the plan must be operated on a non-profit basis by a public authority set up by the provincial government, which must be subject in respect of its accounts and financial transactions to provincial audit;

(2) the plan must make available on uniform terms and conditions to all insurable residents of the province, insured services which are defined to mean all medically necessary services rendered by medical practitioners for whom the provincial law must provide reasonable compensation so as to ensure reasonable access to insured services by insured persons;

(3) the plan must give entitlement to all eligible residents of the province which is defined to mean not less than 90 per cent of the total number during the first two years and 95 per cent thereafter;

(4) the plan does not impose any minimum period of residence, although up to three months waiting period for entitlement is permissible, and that 'portability' is provided for so that persons retain coverage when temporarily absent in another province or during any three-month waiting period for benefits in another province on change of residence.

In addition to the comprehensive physicians' services which must be provided as insured services by participating provinces, the Medical Care Act empowers the government to include any additional health services under terms and conditions which may be specified by the Governor-in-Council.

All insured services must be provided without regard to age, ability to pay, or other circumstances.

There is provision in the Act for provincial authorities to designate non-governmental organizations as agencies which would be permitted to undertake restricted functions in connection with the day to day premium-collection or claims-payment administration of the provincial plan. Thus, existing voluntary insurance carriers who wish, might apply for an agency-arrangement under the provincial authority. However, it would be necessary to handle this agency aspect of their business on a non-profit basis and the payment of medical claims would, in accordance with the federal Act, be subject to assessment and approval by the provincial authority.

Provinces can finance services in any manner they wish -- through premiums, or taxation, or a combination of the two. But the Act contains a proviso, the intent of which is that no insured person should be impeded or precluded from reasonable access to insured services as a consequence of direct charges associated with the services received. The significance of this requirement is that so-called "authorized charges", "co-charges", or "deductibles", if imposed, must be no more than nominal.

A province may adopt any method it wishes of paying the providers of services, subject only to the proviso that "the tariff of authorized payments" is on a basis that ensures reasonable compensation for insured services rendered.

(iii) Medical Care for Public Assistance Recipients (Canada Assistance Plan)

For several years the provinces of Nova Scotia, Ontario, Saskatchewan, Alberta, British Columbia and Manitoba have operated programs providing a range of personal health care services for various categories of welfare recipients. The province of Quebec began a program in 1966 to provide comprehensive physicians' services to such recipients. In the provinces of Saskatchewan and Ontario, physicians' services, once provided under these programs, are now available through the public plans already described.

Coverage extends to virtually all recipients of provincial welfare aid in most of the programs. Historically, the basis for eligibility has been a means test applied to certain well-defined categories of welfare assistance. The trend more recently has been to determine eligibility on the basis of a test of need which takes into account not only the available income of an applicant but his minimum living requirements as well.

In addition to comprehensive physicians' services, dental and optical care benefits and prescribed drugs are provided in most provinces. Other services that may be provided include physiotherapy, podiatry, chiropractic treatment, home nursing, and transportation.

The province of Newfoundland has for many years administered two programs which cover most low income groups in the province. These are the Cottage Hospital Medical Care Plan covering outlying districts for physicians' services provided by doctors employed by the government, with provision for referral to specialists; and the Children's Health Services covers in-hospital care for all children under the age of 16 in all parts of the province. In addition, recipients of public assistance are eligible, if individually certified, for a wide range of health care services.

The Canada Assistance Plan: Provincial programs which provide health care services for welfare recipients are now being supported financially for these services by a new federal program, known as the Canada Assistance Plan. This Plan provides for federal payment of one-half of the cost of personal health care services, as well as welfare services. The provinces are free to make available

a wide range of health and other services including home nursing and homemakers' services. The only eligibility test under the legislation is that associated with financial need, regardless of the cause of need and without reference to employment status.

VETERANS

A number of income maintenance programs and health and welfare services are provided for veterans and certain civilians with war service and their dependants. These include pensions for war-connected disability or death, and means-tested allowances. There are programs, too, for vocational and educational assistance, veterans insurance, and financial assistance to veterans who wish to farm or settle on small holdings or become commercial fishermen under the Veterans' Land Act.

(a) War Veterans Pensions

Under the Pensions Act administered by the Canadian Pension Commission, pensions are provided in respect of disability or death resulting from injury or disease incurred during or attributable to service with the Canadian Armed Forces in war or peace.

Pensions are payable to veterans according to the degree of disability with an additional pension if there are dependants. In event of death, pensions are payable to widows and children and to parents if they were dependent.

(b) Civilian War Pensions and Allowances

Under the Civilian War Pensions and Allowances Act pensions and allowances are provided to specified civilian groups who contributed to the war effort in World War I and II. Pensions are payable to qualified persons and their dependants in the same way as under the Pensions Act for veterans.

(c) War Veterans Allowances

The War Veterans Allowances Act provides allowances to those otherwise eligible veterans who, because of age or incapacity, are unable to work and have insufficient means as determined by a special means test. Veterans of the Canadian, Commonwealth, and Allied Forces and their widows and orphans may obtain benefits under the program. The program is administered by the War Veterans Allowance Board, a Federal Government agency. At December 31, 1964 there were 83,013 recipients of these allowances consisting of 55,297 veterans, 27,430 widows and 286 orphans. The annual liability amounted to $96,324,969.

(d) Civilian War Allowances

The Civilian War Pensions and Allowances Act provides an allowance to certain groups of civilians who performed meritorious service in a theatre of actual war during World War I or World War II and to those who are in receipt of a pension under the Act. Allowances are also payable to the widows and orphans of such civilians. Rates of allowances, annual income ceilings, personal property limits and real property limits are the same as those in the War Veterans Allowance Act. This program, too, is administered by the War Veterans Allowances Board.

At December 31, 1964, there were 821 civilians, 204 widows and six orphans in receipt of Civilian War Allowances, a total of 1,031 of whom five were resident outside Canada. The annual liability for all recipients was $1,386,598.

FARMERS

Basic to the concept of Canada's national agricultural policy is the premise that a stable agriculture is in the interests of the national economy and that farmers as a group are entitled to a fair share of the national income. In pursuit of these objectives, the Department of Agriculture has carried on, over a long period, a program designed to aid agriculture through the application of scientific research and the encouragement of improved methods of production and marketing. Over the years, as conditions have warranted, programs have been initiated to deal with special situations such as the Prairie Farm Rehabilitation Act to deal with the results of the drought in the 1930's; the Prairie Farm Assistance Act to mitigate the effects of crop failure; Feed Grain Assistance Regulations to assist in the movement of western feed grains to Eastern Canada and British Columbia; and the Maritime Marshland Rehabilitation Act to save valuable soil in the Maritime Provinces. In addition, legislation was enacted to meet these situations: price support (Agricultural Stabilization Act), crop insurance (Crop Insurance Act), resource development (Agricultural Rehabilitation and Development Act) and credit facilities (Farm Improvement Loans Act, Prairie Grain Advance Payment Act, Farm Credit Act and Farm Machinery Syndicates Credit Act). This study describes the major income maintenance programs that have been developed for farmers.

(a) The Agricultural Stabilization Act

The Agricultural Stabilization Act stabilizes the prices of agricultural products to assist agriculture in realizing fair returns for labour and investment, and to maintain a fair relationship between prices received

by farmers and the costs of goods and services that they buy. In a sense this program can be compared to minimum wage legislation for industrial workers.

During the seven fiscal years that the Act was in operation prior to March 31, 1965, the cost of stabilization programs averaged $57,000,000 a year. The Agriculture Stabilization Board has available a revolving fund of $250,000,000. Losses incurred are made up by Parliamentary appropriations and any surplus is repaid to the Consolidated Revenue Fund. An Advisory Committee named by the Minister of Agriculture and composed of farmers or representatives of farm organizations assists the Board in its operations.

(b) Prairie Farm Assistance Act

The Prairie Farm Assistance Act passed in 1939, provides for direct money payments by the Federal Government on an acreage-and-yield basis to farmers in areas of low crop yield in the Prairie Provinces and in the Peace River area of British Columbia. Its purpose is to assist in dealing with a relief problem which the province and municipalities cannot meet alone and to enable farmers to put in a crop the following year.

(c) Feed Grain Assistance

The Feed Grain Administration of the Department of Forestry and Rural Development now administers a program respecting freight and storage assistance on western Canadian feed grains used for feeding livestock in Eastern Canada and British Columbia. This program has been amended over the years but particularly in recent years when freight assistance on truck movements of grain and feeds in Eastern Canada, and a zone system of payment have been introduced. In November 1966, the Livestock Feed Assistance Act was passed and established the Canadian Livestock Feed Board which when appointed will take over the administration of this program.

(d) Crop Insurance Act

The federal Crop Insurance Act passed in 1959, assists in making the benefits of insurance protection on crops available in all provinces. This Act does not set up any specific insurance scheme but rather permits the Federal Government to assist the provinces to do so by making direct contributions toward the cost of providing crop insurance. The initiative for establishing schemes to meet their own regional requirements rests with the provinces. Schemes may be organized on the basis of specific crops or areas within the provinces and agreements between the provinces and the Federal Government set out the

terms of insurance coverage. By the end of 1966, crop insurance legislation had been passed by Manitoba, Saskatchewan, Prince Edward Island, Alberta, Ontario and British Columbia.

Contributions from the federal treasury are limited to 50 per cent of the administrative costs incurred by a province and 25 per cent of the amount of premiums paid in any one year. In addition, the Federal Government may make loans to any province equal to 75 per cent of the amount by which benefit payments exceed premium receipts for that year, the reserve for the payment of indemnities, and $200,000. As an alternative to such loans, the Federal Government may re-insure a major portion of the provincial risk in a program taken out under the Crop Insurance Act. Farmers insured under the Act are not eligible for payments under the Prairie Farm Assistance Act, nor are they required to pay the 1 per cent levy on grain sales as provided for under that Act.

(e) The Agricultural Rehabilitation and Development Act

The Agricultural Rehabilitation and Development Act, June 1961, is an important element in Canadian agricultural policy and renewable resources management policy at both national and provincial levels. The Federal Government may enter into agreements with provincial governments for the joint undertaking of: (1) projects for the alternate use of lands classed as marginal or of low productivity; (2) projects for the development of income and employment opportunities in rural agricultural areas; (3) projects for the development and conservation of soil and water resources; and (4) projects for research relative to the foregoing. In 1965 the total federal contribution was raised from $50,000,000 to $125,000,000, and an additional $50,000,000 Special Fund for Rural Economic Development was established to implement major projects that are part of comprehensive development programs in specially designated areas.

The Agricultural Rehabilitation and Development Act is intended to be complementary and supplementary to existing federal and provincial legislation in respect of renewable resources and rural social and economic development. It is intended to aid in the correlation and expansion of existing programs, and to fill substantial gaps where current programs do not meet present needs. It has been clearly recognized that, in addition to improved conservation and resource utilization and general economic stimulation, a social process of community development is essential -- a process whereby local citizens organize to bring together local institutions and employ the technical counsel of university, professional and governmental agencies to study their physical and economic resources and the capabilities of the people. Subsequently, comprehensive economic and social plans are developed to be implemented co-operatively by all levels of government and private organizations.

Under the ARDA program up to March 31, 1965, 735 projects had been approved; their estimated shareable cost was $64,477,000, of which the Federal Government portion was $33,277,000.

(f) Farmers and Social Security

It should be stressed that farmers as individuals are covered under most of the social security programs, including the Canada Pension Plan. They are not covered under Workmen's Compensation or under the Unemployment Insurance program. However, it is proposed that farm workers be brought under Unemployment Insurance by April 1, 1967.

FISHERMEN AND SEAMEN

Fishermen and seamen as individuals are covered under most social security programs. In addition, there are several programs designed specially for these people.

(a) Fishermen's Indemnity Plan

The Plan, administered by the Department of Fisheries, since 1953 has offered fishermen operating fishing vessels the opportunity of obtaining insurance against total or partial loss of their vessels for a nominal premium of one per cent a year of the appraised value of the vessel. The Plan also provides a measure of low cost insurance to lobster fishermen on their lobster traps.

(b) Unemployment Benefits

Unemployment Insurance benefits are provided to both own-account fishermen and fishermen who are employees. This is the only occasion where unemployment insurance coverage is extended beyond employees to self-employed workers. The fish buyers assume the role of employers for this purpose. Such coverage acknowledges the situation that many fishermen are small scale operators, and that fishing is carried out by family units.

(c) Sick Mariners

The Department of National Health and Welfare provides compulsory prepaid medical, surgical, hospital, and other treatment services to crew members of all foreign-going ships arriving in Canada and Canadian coastal vessels in interprovincial trade, and provides medical, surgical and treatment services on an elective basis to crew members of Canadian fishing and government vessels. Canadian seamen obtain their hospital care under the provincial hospital insurance plans.

The Department of National Health and Welfare has recently agreed to provide a medical service for the new Canadian Coast Guard Service.

GENERAL

There are several programs which, while aimed at the welfare of individuals, are provided privately, and other more extensive measures provided through public programs which are aimed at the general welfare of all persons. In the first category are occupational pension plans, and private medical care insurance; in the second category are housing and education. These measures are important because they complement and supplement other social security programs. For that reason they have been included in this study, and brief descriptions are given in the following paragraphs.

(a) Occupational Pension Plans

In 1960 about 2.7 million individuals were employed by employers who had established pension plans. Of these some 900,000 employees had elected not to join the plans or were ineligible to join. In 1960, therefore, about 1.8 million workers - 34 per cent of the non-agricultural labour force - were covered by occupational pension arrangements. More recent statistics have been collected and will be published later this year.

In 1965, the government of Ontario introduced the Pension Benefits Act designed to strengthen private pension programs in that province. This legislation, which became effective July 30, 1965, is concerned with the portability of pension rights, the solvency of plans, and the provision to employees of adequate information about their plans. The Act requires that each pension plan be registered with the Ontario Pension Commission. One hundred per cent vesting is required when the employee with 10 years of continuous service reaches age 45. Existing and new pension plans must meet standards of solvency and funding. The Act requires periodic actuarial assessments and also requires that pension fund moneys be invested in accordance with the regulations.

On July 15, 1965, the Supplemental Pension Plans Act became law in Quebec. Also in Alberta the Pension Benefits Act came into force January 1, 1967. The Federal Government passed in March 1967 similar legislation which covers employees engaged in federal works and undertakings. The legislation passed in Quebec, Alberta and by the Federal Government closely parallel the Ontario Pension legislation. Several other provinces have also indicated their interest in similar legislation.

(b) Voluntary Medical Insurance

About 12,050,000 Canadians, or 62 per cent of the population of Canada, had voluntarily secured some protection against the costs of physicians' services at the end of 1965. Their protection was provided by some 60 non-profit plans with an enrolment of 6,530,000 and by some 80 private insurance companies giving coverage to an estimated 5,500,000 persons. The total was 5,820,000 above the 1955 figure, which represented only 40 per cent of the population.

The non-profit plans took in about $216,800,000 in premiums and $5,150,000 in other revenue in 1965, paid out $188,900,000 in benefits and $14,500,000 for other expenditure, and were left with a surplus of approximately $18,550,000. Thus, for every dollar of premiums, 87 cents were paid out in benefits which amounted to approximately $28.93 per person covered. In 1955, benefit payments had been $41,400,000 representing 89 cents of the premium dollar and amounting to only $13.17 per person.

Profit-making private companies wrote $146,200,000 of premiums for health protection in 1965. They paid out $113,300,000 in claims.

(c) Education

Education is by virtue of the Canadian constitution, under provincial jurisdiction. Canada, thus, has ten provincial educational systems and, although they have much in common, each is unique in some ways. The schooling systems provide free compulsory education for all children in all provinces up to school leaving age which varies from age 15 to 16 depending on the province; the generally accepted entrance age to regular classes is 6 years. The schooling system provides 12 or 13 years or grades depending on the province. Evolution of the educational system along with a number of new social needs has brought about a limited participation of the Federal Government in education. Interest in education by the Federal Government stems from its realization of the contribution of schooling to production, services and trade, and the benefits from research. The chief contributions are therefore sums or grants to assist the provinces with their vocational programs and grants to universities. Programs include: the University Grants Program, the student loans program operated under the Canada Student Loans Act and assistance under the Technical and Vocational Assistance Act.

The Federal Government through the Canada Council in 1957 provided $100,000,000, half of which was to be distributed among the universities for specified building and equipment purposes, similar to the distribution of grants. Interest from the remaining $50,000,000

was to be used to assist in the development of the arts, humanities and social sciences mainly through scholarships.

Other federal contributions are more indirect and include scholarships, research grants and services. Research grants are made by the National Research Council, the Defence Research Board, the Department of National Health and Welfare, the Department of Labour and other agencies. Some Departments such as Agriculture and Health and Welfare, provide materials and publications of value in the school programs, and the National Museum, the National Gallery, the National Film Board and the Canadian Broadcasting Corporation contribute directly or indirectly to various school programs.

(d) Public Housing

All levels of government are concerned with raising the quantity and quality of housing through minimum standards as expressed in the National Building Code and the regulations under the National Housing Act.

Federal participation in assistance to house building under the first general piece of housing legislation, the Dominion Housing Act of 1935, was accelerated by the National Housing Act of 1944 and the establishment of the Central Mortgage and Housing Corporation in 1945.

In the field of urban development the Federal Government, through this Corporation, shares with a province or municipality in up to 50 per cent of the cost of preparing an urban development scheme, acquiring and developing residential land, and building low cost rental housing.

Under the National Housing Act there is increased activity in the building of self-contained housing and hostel accommodation for older persons, and in the purchase and conversion of existing properties to provide this accommodation. The projects are undertaken by voluntary groups incorporated as limited dividend companies which may borrow up to 90 per cent of the lending value of the project at low interest rates through loans which may be repaid over a period of up to fifty years. Over 250 housing projects have been undertaken in recent years under the auspices of a variety of voluntary groups. Accommodation for disabled persons or other special groups may also be aided under the conditions outlined above.

Low rental housing projects for families of low income may be constructed under the National Housing Act. Under this Act, the Federal Government and a provincial government may enter into an agreement to build rental housing for families in the lower third of the income band

with the Federal Government bearing up to 75 per cent of the capital cost. The province may call upon the municipality involved to bear part of the remaining provincial share. The Federal Government will share in meeting operating losses of such projects to a maximum of 50 per cent.

CHAPTER III - SOCIAL SECURITY EXPENDITURES IN CANADA

A measure of the extent and importance of Canada's social security programs can be gained by an examination of social security expenditures by the three levels of government: federal, provincial and municipal. The expenditures shown in the following tables cover most of the programs described in this study.

Expenditures are reported on programs providing benefits for old age, survivors, families and youths, unemployment, disability, workmen's compensation, and veterans; as well as public medical and hospital care, public health services and welfare services including certain services to veterans; and the administrative costs of all of these programs. Housing, education and agricultural price support programs are excluded; as are superannuation and pension benefit programs for government employees or employees in other industries with occupational pension plans. Benefits under private medical care insurance plans are also excluded.

In the seven year period ending March 31, 1966, social security expenditures by all levels of government grew from $3,023 million in 1959-60 to $4,692 million in 1965-66, an increase of 55.2 per cent. When the growth of population in the period is taken into account, per capita expenditures increased from $173 to $240, or 38.7 per cent.

Government social security expenditures in Canada may also be measured in relation to major economic indicators. Expenditures over the same seven year period rose from 11.3 to 11.8 per cent of Net National Income and from 8.5 to 8.8 per cent of Gross National Product as shown in Table A. In both relationships, the percentages increased to peaks in 1961-62 of 12.8 and 9.6 respectively and then declined. These changes can be explained by increased unemployment and related benefits in the first three years of the period, and by differing rates of annual growth in Net National Income and Gross National Product as compared to the rate of annual growth in expenditures. Aggregate growth of 55.2 per cent for social security expenditures over the whole period was almost identical to that for Net National Income of 48.8 per cent and that for Gross National Product of 50.2 per cent. Expenditures are expected to increase significantly over the next several years because of the Guaranteed Income Supplement program, the Canada and Quebec Pension Plans, the Canada Assistance Plan, and Medical Care Insurance. Estimated expenditures under the Guaranteed Income Supplement program are expected to be about $250 million in 1967. The Canada and Quebec Pension Plans paid first retirement pensions in January 1967, and while these are partial benefits and the number of beneficiaries is now small, payments will grow rapidly as the Plan

matures in the next nine years. Increased payments are also expected under the Canada Assistance Plan and under Medical Care Insurance.

Social security programs are operated by all three levels of government with the federal and provincial governments having the main responsibility for administration and financing. In the early years, most programs were concentrated at the municipal and provincial government levels. However, as social security developed to meet emerging social and economic needs, the rising cost of social security became too heavy for the lower levels of government to bear and the Federal Government had to play an increasingly important role in planning, implementing and financing new and improved programs. Thus social security expenditures shifted first from municipal to provincial governments and then from the provincial to the Federal Government. In the 1926-27 fiscal year, the percentage distribution of expenditures was 49.7 per cent federal, 28.6 per cent provincial and 20.7 per cent municipal, whereas in 1965-66 it was 61.4 per cent federal, 36.0 per cent provincial and 2.6 per cent municipal.

Table B shows that the Federal Government's percentage share of social security expenditures has declined in the seven year period. The decline was gradual in the first five years and significant in each of the final two years. At the same time, there was a corresponding increase in provincial government expenditures. The reversal would appear to be caused by provincial governments playing an increasingly greater role in social security. In part, this is true, but some of the provincial increase is due to a change in financing. The significant federal declines in each of the final two years were mainly caused by increasing provincial hospital expenditures, and in the final year by the effect of the "opting-out" arrangements made available to the provinces. Under the Established Programs (Interim Arrangements) Act a province may "opt-out" of federal-provincial programs, operate and finance these as provincial programs, and receive a tax abatement and an equalization payment from the Federal Government in lieu of the former federal payment. This, of course, has the effect of increasing provincial government expenditures, while the federal fiscal payment is treated as a transfer payment. Payments made in the next several years under the Guaranteed Income Supplement program and under the Canada Pension Plan may counteract the shift in expenditures due to "opting-out" and may tend to show an increase in federal social security expenditures.

Table C shows the distribution of social security expenditures by program for the period under review. Absolute increases in dollar terms have occurred for Old Age Benefits, Family Allowances and Health Services with a significant increase in the last-named program from $818.9 million in 1959-60 to $1,674.3 million in 1965-66. Unemployment benefits increased in the first three years of the period, but declined steadily thereafter reflecting the increase and decline of unemployment during the period.

Table D is a comparison of social security expenditures in percentage terms for the United States, United Kingdom, New Zealand, Australia and Canada for the fiscal year period 1959-60 to 1964-65. Canada's expenditures as a percentage of Gross National Product ranked third for each of the years. In 1964-65 New Zealand ranked first with a ratio of 10.8 per cent of Gross National Product; the United Kingdom second with 10.7; Canada third with 9.2; Australia fourth with 7.6; and the United States fifth with 6.9. This comparison is one of expenditures in related programs for all these countries and covers all of the programs set out in Table C. Canada's expenditure experience, thus, compares favourably with these other countries.

TABLE A - GOVERNMENT EXPENDITURE ON SOCIAL SECURITY, CANADA, FISCAL YEARS 1959-60 TO 1965-66, INCLUSIVE

Item	1959-60	1960-61	1961-62	1962-63	1963-64	1964-65[a]	1965-66[a]
Gross National Product ($'million)	35,482	36,293	38,202	41,123	44,359	48,330	53,321
National Income ($'million)	26,802	27,445	28,814	31,052	33,462	36,144	39,890
Government Expenditure on Social Security ($'million)	3,023	3,355	3,682	3,886	4,055	4,452	4,692
Per Cent of Gross National Product	8.5	9.2	9.6	9.4	9.1	9.2	8.8
Per Cent of National Income	11.3	12.2	12.8	12.5	12.1	12.3	11.8

(a) Includes estimated data.

TABLE B - GOVERNMENT EXPENDITURES ON SOCIAL SECURITY: TOTAL AMOUNT, PER CAPITA AMOUNT, AND PERCENTAGE DISTRIBUTION, BY LEVEL OF GOVERNMENT, CANADA, FISCAL YEARS 1959-60 TO 1965-66 INCLUSIVE

Fiscal Year	Federal	Provincial	Municipal	Total
	Expenditures (millions of dollars)			
1959-60	2,162.2	754.7	106.4	3,023.3
1960-61	2,359.9	885.7	109.0	3,354.6
1961-62	2,575.8	998.1	107.8	3,681.8
1962-63	2,682.3	1,086.8	117.3	3,886.4
1963-64	2,799.7	1,154.3	101.2	4,055.2
1964-65	2,968.4	1,374.0(a)	110.0(a)	4,452.4(a)
1965-66	2,881.8	1,690.7(a)	120.0(a)	4,692.5(a)
	Per capita expenditures (dollars)			
1959-60	123.67	43.17	6.09	172.93
1960-61	132.06	49.56	6.10	187.72
1961-62	141.23	54.73	5.91	201.87
1962-63	144.44	58.52	6.32	209.28
1963-64	148.16	61.09	5.36	214.61
1964-65	154.32	71.43	5.72	231.47
1965-66	147.25	86.39	6.13	239.77
	Percentage distribution			
1959-60	71.5	25.0	3.5	100.0
1960-61	70.4	26.4	3.2	100.0
1961-62	70.0	27.1	2.9	100.0
1962-63	69.0	28.0	3.0	100.0
1963-64	69.1	28.4	2.5	100.0
1964-65	66.7	30.8	2.5	100.0
1965-66	61.4	36.0	2.6	100.0

(a) Estimated.

TABLE C - CANADA - SOCIAL SECURITY EXPENDITURES, BY TYPE OF BENEFIT, AMOUNT AND PERCENTAGE DISTRIBUTION, FISCAL YEARS 1959-60 TO 1965-66, INCLUSIVE

Type of Benefit	1959-60		1960-61		1961-62		1962-63		1963-64		1964-65		1965-66	
	Thousands of dollars	%	Thousands of dollars	%	Thousands of dollars	%	Thousands of dollars	%	Thousands of dollars	%	Thousands of dollars(1)	%	Thousands of dollars(1)	%
I Old Age Benefits	635,586	21.0	653,728	19.5	686,729	18.7	810,740	20.9	886,807	21.9	975,276	21.9	981,184	20.9
II Survivors	39,839	1.3	37,944	1.1	36,997	1.0	36,505	0.9	36,914	0.9	31,280	0.7	36,170	0.8
III Family Allowances	491,214	16.3	506,192	15.1	520,781	14.1	531,566	13.7	538,312	13.3	572,645(2)	12.9	598,203(2)	12.7
IV Unemployment Benefits	480,766	15.9	604,016	18.0	621,609	16.9	579,843	14.9	559,675	13.8	541,118	12.2	566,666	12.1
V Disability Benefits	37,698	1.3	38,321	1.2	38,375	1.0	45,777	1.2	47,063	1.2	54,230	1.2	19,821	0.4
VI Workmen's Compensation(3)	85,236	2.8	91,616	2.7	94,181	2.6	104,523	2.7	111,651	2.7	124,286	2.8	141,604	3.0
VII Maternity Benefits	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII Health Services	818,867	27.1	933,753	27.8	1,125,668	30.6	1,247,245	32.1	1,333,751	32.9	1,551,682	34.8	1,674,339	35.7
IX Veterans Pensions and Allowances	212,236	7.0	214,710	6.4	258,896	7.0	263,653	6.8	262,514	6.5	279,874	6.3	293,804	6.3
X Other	221,832	7.3	274,335	8.2	298,544	8.1	266,513	6.8	278,507	6.8	321,963	7.2	382,198	8.1
XI Total	3,023,274	100.0	3,354,615	100.0	3,681,780	100.0	3,886,365	100.0	4,055,194	100.0	4,452,354	100.0	4,693,989	100.0

(1) Includes provincial and municipal data of a preliminary nature.

(2) Includes youth allowances.

(3) Cash benefits; medical aid and hospitalization under this program are included in Item VIII.

TABLE D - GOVERNMENT EXPENDITURE ON SOCIAL SECURITY AS PERCENTAGE OF GROSS NATIONAL PRODUCT, NEW ZEALAND, UNITED KINGDOM, CANADA, AUSTRALIA AND THE UNITED STATES OF AMERICA, FISCAL YEARS 1959-60 TO 1964-65, INCLUSIVE

Country	1959-60	1960-61	1961-62	1962-63	1963-64	1964-65
New Zealand	12.4	12.4	12.4	11.9	11.5	10.8
United Kingdom	9.9	10.0	10.1	10.3	10.9	10.7
Canada	8.5	9.2	9.6	9.4	9.1	9.2
Australia	7.4	7.7	8.3	8.0	7.9	7.6
United States of America	6.3	7.0	7.0	7.0	6.9	6.9

CONCLUSION

Canada has adopted a wide range of techniques for the provision of social security payments and services - social insurance, social assistance, and programs of universal payments. A recently introduced Guaranteed Income Supplement program for the aged sector of the population, involves the use of a new technique for making income maintenance payments. The establishment of the Medical Care Insurance program, to come into effect in 1968, will fill a long existing gap in the provision of medical care services to Canadians. In the area of welfare services, an effort has been made under the Canada Assistance Plan to ensure that social assistance recipients receive necessary health and welfare services to reduce future dependency. This Plan is designed to develop a co-ordinated social assistance program that will adequately complement other income security measures and, at the same time, help to ensure and improve the supply of qualified welfare personnel.

Continuing dynamic economic and social changes will generate further social needs which will require the improvement of existing programs and the introduction of new ones. It is believed that the Canadian economy has a sufficient margin for supporting new and improved social security programs. With continued economic growth, it will have the capacity for these future social security developments. Canada will thus continue to improve its social security system and to provide the necessary protection and security to all of its inhabitants. At the same time it must maintain an equitable balance between the satisfaction of social needs and the goals of a free enterprise economy.

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